IRBon Passo: 1999 / "engaged in a pattern of assaults dating back to the 1991 delegate nomination meeting ... in 1994

March 1996 → Zero / Passo Fight

Sun-Times by Cynn Sweet
Oct 27, 1997
Hoekstra defends Passo?

Time: A reformer's ally Mob key Behar November 22, 1993

INTERNATIONAL
BROTHERHOOD OF TEAMSTERS
AFL-CIO

COPY

OFFICE OF
RON CAREY
GENERAL PRESIDENT

October 10, 1997

The Honorable Pete Hoekstra
Chairman
Subcommittee on Oversight
and Investigations
Committee on Education and the Workforce
U.S. House of Representatives
2181 Rayburn House Office Building
Washington, D.C. 20515-8100

Dear Congressman Hoekstra:

I received your October 7th letter urging the IBT not to retaliate against witnesses who may testify at the upcoming subcommittee hearings. Without commenting on the tone of the letter and the absence of any consultation before it was sent, I do want you and the subcommittee to know the following.

The IBT would not retaliate against any witness participating in a governmental investigation. There is absolutely no evidence that this has ever happened. As you know, the IBT, and I personally, support official efforts intended to assure the integrity of the IBT. We have fully cooperated with recent investigations, and I think you will notice that there have been no reports to indicate otherwise.

It may well be true that a handful of political partisans are eager to dress up testimony by a dramatic claim that they fear "retaliation." If these people say that they fear retaliation, they are not telling the truth -- and it calls into question the reliability of any information they could give your subcommittee.

The IBT is concerned with union business, not partisan political disputes. We are concerned with progress for working people; we just finished important collective bargaining with UPS, and it was a huge success. We are concerned with union democracy; we have locked the back room where deals were made and have given the union to its members. We are concerned with rooting out mob influence; we now have a union able to make decisions in

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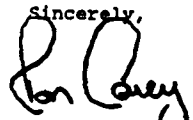
the best interest of its members. We trust that your subcommittee supports these goals of progress, democracy, and mob-elimination.

Sincerely,



Ron Carey
General President

RC/ebb

cc: Mr. John J. Cronin, Jr., Administrator,
Independent Review Board
Ms. Benetta M. Mansfield, Interim Election Officer
Ms. Karen B. Konigsberg, Assistant United States Attorney
The Honorable Patsy Mink, Ranking Minority Member
Subcommittee on Oversight and Investigations

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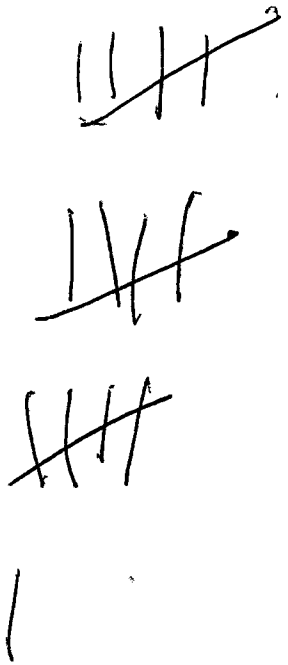

Opening Statement of
Congressman Pete Hoekstra (MI-02)
Chairman, Subcommittee on Oversight and Investigations
House Education and the Workforce Committee
Tuesday, March 28, 2000
The International Brotherhood of Teamsters:
One Year After the Election of James P. Hoffa

Good Afternoon.

On February 24, 1999, this Subcommittee reported to the American people the results of a 17-month investigation into the financial, operating and political affairs of the International Brotherhood of Teamsters. That report filled almost 2,000 pages and documented troubling misconduct that raised issues central to whether rank-and-file union members were being properly served by their leadership; whether the legal mechanisms and regulations in place to monitor this type of activity were adequate; and whether individuals who had committed federal crimes would be brought to justice.

Today, we will discuss some of these issues – not in terms of the misconduct itself, but in terms of how the IBT is trying to resolve these, and related problems, so that they will not reoccur. Joining us for this discussion, we have the key players in the resolution process – IBT General President James P. Hoffa, IBT General Counsel Patrick J. Szymanski, and Ed Steir, who now heads the IBT's internal task force to address corruption within the union.

I thank each of you gentleman for joining us. As a first order of business, let me provide a short background.

In June 1988, the United States Department of Justice filed a civil lawsuit against the IBT under the Racketeer Influenced and Corrupt Organizations Act, commonly referred to as "RICO." The government argued that the IBT was, I quote, "a wholly owned subsidiary of organized crime."

In March 1989, the IBT agreed to settle the lawsuit under terms memorialized in a Consent Order. Under those terms, the IBT agreed to significant federal oversight, including oversight into the conduct of elections, and certain aspects of financial administration.

Also, under the Consent Order, in 1991, the IBT conducted a watershed election and for the first time, rank and file Teamsters were empowered to select their leaders through a government-sponsored, direct, secret ballot election. The winner was an "outsider" candidate who ran on a platform of reform, Ron Carey.

In 1996, Mr. Carey was forced to run for reelection, again under the terms of the Consent Order, with government supervision. Soon after the votes were counted, the election was protested on grounds that Mr. Carey had received improper campaign contributions under the election rules. The Federal Election Officer, empowered under the Consent Order to oversee the election, found that improper fundraising activities had, in fact, been conducted for the benefit of Mr. Carey, and on that basis, ordered a rerun election.

Thereafter, the original election officer recused herself from any further investigation due to an apparent conflict-of-interest and was replaced. After an investigation, the new Federal Election Officer disqualified Mr. Carey from running for reelection. Subsequently, the matter was referred to the U.S. Attorney's office in New York where criminal investigations were commenced and continue to this day (or at least we think they continue).

In the fall of 1997, the House of Representatives charged this Subcommittee with investigating fundraising

improprieties during the 1996 election campaign. Thereafter, this Subcommittee began its investigation focusing on why, despite an expenditure of almost $20 million in taxpayer's funds to oversee the election, the election could not be held in accordance with the law.

As I stated, this Subcommittee's Report on the Financial, Operating and Political Affairs of the International Brotherhood of Teamsters attempted to answer that question. Our findings and can be summarized as follows:

First, and foremost, rank-and-file teamsters felt betrayed by union leadership;

Second, the nation's largest union had internal financial controls that left a lot to be desired;

Third, there was virtually no accountability to rank-and-file members, who had limited access to information;

Fourth, pervasive corruption throughout the Teamsters had lead to money-laundering swap schemes between the Teamsters, and outside groups;

Fifth, little regard had been paid to Federal law by Teamster leadership and other cohorts;

Sixth, U.S. taxpayers has been forced to foot a $20 million bill for a failed election;

Seventh, Teamster disregard for union members and severe financial mismanagement had depleted the union's net worth by more than $150 million;

Eight, these Teamster political contributions had raised serious questions over White House assistance on key political issues; and finally

Teamster political contributions may have been illegally coordinated by the Democratic National Committee, other unions and many of the groups that participated in the 1996 swap schemes.

On the basis of these findings and open questions, the

Subcommittee recommended the following remedies:

- That the IBT adopt a code of ethical conduct within the IBT Constitution or bylaws;

- That the IBT create and use a budget process and a comprehensive policies and procedures manual;

- That the IBT amend its Constitution to grant International Trustees the right to review all financial records and attend General Executive Board meetings;

- That the IBT establish an office of inspector general, similar to those found in most federal government agencies, and that this "IG" be granted the powers necessary and appropriate to prevent and detect fraud, waste and abuse;

- That the IBT establish an effective compliance program modeled after those recently adopted by organizations throughout the world;

- That the IBT promote further investigation of the 1996 election rules violations and misuse of treasury funds; and, finally,

- That the union takes all other appropriate steps toward self-governance to end to its costly and often combative relationship with the federal government while operating under the Consent Order.

The Subcommittee also recommended legislative, regulatory and enforcement reforms to prevent a recurrence of the misconduct found within the IBT before and during the "Carey Administration."

The Subcommittee also recognized that, often, the most effective steps toward improvement begin with subtle changes within an organization. Accordingly, the Subcommittee noted that one of most critical changes required IBT leadership to demonstrate an unqualified willingness to be held accountable, and that this accountability must include the creation of an organizational structure conducive to change, able to be driven by a "leadership by example."

I am anxious to begin our discussion. But, let me briefly cover a few additional points before jumping into the subject matter.

First, any discussion of federal oversight of the IBT must include the so-called "culture of violence" within the IBT that was written about in President Reagan's Commission on Organized Crime.

Second, I think much of what we will hear today and the facts that have come to light since our investigation bearout that congressional oversight was very much appropriate and was instrumental in ensuring that the IBT conducted a fair and proper rerun election.

I still find myself at a loss to explain the Minorities' attempt to stonewall our efforts. I am convinced that if this Subcommittee had not acted, Ron Carey would still be president of the Teamsters; none of the illegal activities that were uncovered would have been made public; and none of the individuals responsible for defrauding the union, as well as the American public, would have been held accountable for their corrupt actions.

Third, our investigation was devoted to ensuring that the law was effective in preventing corruption, by organized or un-organized entities. I am pleased to know that the new leadership in the IBT seems to be doing its part to prevent a reoccurrence of this type misconduct. What remains to be seen, however, is whether all individuals who violated the law are going to be brought to justice.

Since we began this process, three individuals have pleaded guilty to various charges. More recently, on March 14, William Hamilton, former governmental affairs director of the IBT was sentenced to 3 years in prison for his role to swap IBT political contribution to the 1996 Ron Carey re-election campaign.

The sentence that was issued to Hamilton was less than the standard sentencing guidelines of 46 to 57 months. I believe the Judge's decision to depart from the sentencing guidelines sends a negative message to the 12 million members of the IBT, who saw their hard-earned money embezzled for purposes illegally benefiting one presidential candidate over another and protecting the interests of a select few.

It disturbed me when the read that one of the considering points the judge used to issue a lighter sentence was Hamilton's statement that by preserving the Carey administration (by embezzling, conspiring, making false statements to a court-appointed election officer & the grand jury), he was doing what he thought was in the best interest of the union. While I do not doubt Mr. Hamilton's misguided beliefs, they cannot excuse the fact that he broke a number of laws in an attempt to accomplish self-interested goals. I sincerely hope and would encourage that the DOJ appeal the sentence and send a strong message that justice will be served to anyone breaking the law, whether you're a rank and file member, government affairs specialist or President of a union.

Fourth, I think we still have a long way to go with respect to the previous point. I and a number of other members of Congress question the delay in the U.S. Attorney's office in the Southern District of New York. The testimony heard in the trial of Bill Hamilton clearly suggests that there are many open questions that need to be resolved. Because of the U.S. Attorney's lack of cooperation and unwillingness to discuss the investigation with this Subcommittee, I am considering holding separate hearings.

Fifth and finally, since 1989 the union has been under the jurisdiction of the federal government. The final sentence written by the Majority in our Report states, "I hope we can put partisan differences behind us and move forward toward the goal of a union that governs itself and is accountable to its membership." I believe that significant reforms have taken place within the IBT since 1989 and we are finally at a point where the federal government can step aside and the union can reclaim its ability to manage itself .

With that, I turn to my colleague, Mr. Roemer, for any comments he would like to make before we begin.

###

APPENDIX B - WRITTEN STATEMENT OF JAMES P. HOFFA, GENERAL PRESIDENT, INTERNATIONAL BROTHERHOOD OF TEAMSTERS, WASHINGTON, D.C.

Chairman **Hoekstra**. Thank you.

Just to clarify, Mr. Sullivan, I read your testimony before we came, and also Mr. Geoghegan. The process is intended to nourish the process, to improve the process. We have had that consent decree in place since '89.

The reason we are here is, as the election officer has indicated, "investigation to reveal the complex network of schemes to funnel employer and IBT funds to the Carey campaign."

Mr. Sullivan, I might have agreed with you that if the election officer and the Justice Department were running the campaign and running the oversight and all that investigation, except for one small technicality. It is the taxpayers who paid. Congress has the responsibility to monitor the appropriation of the taxpayers' dollars. That is one of the critical reasons why this committee is sitting here, to say, you know, where did that $20 million go?

There has been no attempt at all in Congress to stop the supervision of a rerun election, absolutely none. There has been a statement, and there have been two amendments that have passed that have said we will not pay to conduct another Teamster election, but no effort at all to stop supervision.

I am going to yield to my colleague from Georgia for 5 minutes of questioning. Mr. Norwood.

Mr. **Norwood**. Thank you, Mr. Chairman. And I would add to your statement that it doesn't seem to matter that we do have supervision; we didn't do a very good job, apparently, of the other election.

And I would like to point out to you, Mr. Chairman, that it is none of my business who is president of the Teamsters Union. I think it is very much your business and it is up to you to be able to fairly elect whom you wish to have to represent you.

So, in a sense, I don't have a dog in this fight, like we might say in Georgia, but I am very concerned any time - and we all should be - any time we have tyrannical activities going on that suppress the freedoms of any Americans, whether they are members of unions or whether they are not, and it seems to me that is not something we determine.

Already we think that the Court has determined that there has been corruption in this election, there has been breaking of every rule that there can be, and I didn't determine that, other people did determine that.

But why I am here is that we use $20 million of the American taxpayers' money to run an election that has been called corrupt by others, those in authority, Mr. Sullivan, that you referred to, and we are not here on anybody's side, we are trying to find out what went on and what really did happen in this election that caused so much illegal money laundering that went all over the

place, as earlier charts have shown.

Mr. Geoghegan, I am a little amazed, and I am not sure yet what I want to say to you about your testimony. In your written statement, you said that people aren't afraid now and the deep bone-chilling ways of the old days - that is a quote, I believe. And I know, Mr. Geoghegan, you sat right here as we listened to your fellow panelists. How afraid do people have to be before we act?

Mr. **Geoghegan**. Congressman Norwood, you used the phrase, "corruption in breaking every rule." There is corruption, and there is corruption. There is Mafia corruption, murder, beatings.

Mr. **Norwood**. Reclaiming my time -

Mr. **Geoghegan**. And the -

Mr. **Norwood**. The rules are, I have the time and I get to control it, and I only have 5 minutes.

Mrs. **Mink**. Mr. Chairman, point of order. The witness was attempting to answer the question. I wish that we would conduct the hearing in a friendly manner.

Mr. **Norwood**. The witness answered it to my satisfaction. The fact nobody has been killed at this point is commendable, I am delighted that we have gone beyond killing somebody, but I think - I mean, it is not okay for one person to get beaten up in this country in trying to have an election.

Mr. **Geoghegan**. I agree.

Mr. **Norwood**. And we have every reason to be very involved in this, and because things are better than they were just 10 years ago doesn't mean that we need to turn our backs on this and just sort of let nature take its course.

And as you spoke about how comfortable everybody is, I thought to myself, how many people are here because we had to subpoena them, and why were they afraid to come on their own, as they said?

I don't require a comment. Thank you.

And I noticed the faces of the other panelists as you spoke, and talking about how much better things are, and those are panelists who perhaps have worked for Hoffa and have worked for Carey, and those half that were Hoffa have to have some concern that their dues money, indeed, was taken and used to defeat their candidate.

It reminds me a little bit of Jefferson, who had it right about our own country, Mr. Geoghegan, and I don't recall it exactly, something to the fact, to compel a man to furnish contributions of money to support causes and ideas that he does not believe in is sinful and tyrannical. It is, and we think that from what the U.S. court says, that has occurred here, and it is perfectly appropriate and correct, not just because of the $20 million, but because what has occurred has been wrong.

Mr. Hickman, I wanted to know what you were thinking while that was going on. I saw your face. I have to hear from you about what you were thinking.

Mr. **Hickman**. Listening to the gentleman here on my left talking about Mob, no more corruption, and so on and so forth, I have a letter here that was dated April 13, 1994, from Judge Lacey, who oversees the IRB, and in the letter to Mr. Puccio, who is the court-appointed trustee of the local in New York, that this gentleman right over here was talking about the freight and everything is controlled by the Mob, there is a letter signed by Mr. Lacey stating the fact that: During our conversation, I told you that I thought you and Mr. Moronni ought to have in mind what would happen if you brought Carey down and that there were old-guard Teamsters throughout the country that were hoping that Carey would be eliminated as a candidate in 1996 so that the clock would be turned back to what it was when I first came on the scene as independent administrator.

He is saying over here there was evidence found by a government witness about Mob ties and signed by Judge Lacey, who was supposed to be overseeing the operation of an independent operation of the Teamsters, and this gentleman has the gall to stand over here, or sit over here, before this committee and talk about corruption free. We don't have nobody anymore in the freight business. It was all controlled by the Mob.

Here is the letter. Congressman, I will be glad to introduce it. Thank you.

Chairman **Hoekstra**. Mr. Hickman, will you submit that for the record?

Mr. **Hickman**. I will submit that for the record.

Chairman **Hoekstra**. Without objection, so ordered.

[The letter follows:]

LETTER TO MR. THOMAS PUCCIO FROM MR. FREDERICK LACEY – SEE APPENDIX L

Mr. **Geoghegan**. May I comment, Mr. Chairman, since Mr. Hickman and the Congressman have referred to me several times?

Chairman **Hoekstra**. I believe in your statement you refer to them.

The gentleman's time from Georgia has expired.

Mrs. Mink.

Mrs. **Mink**. Mr. Geoghegan, I would like to direct my first question to you. You heard the statements made by my colleague. Do you have a response?

Mr. **Geoghegan**. Yes. I disagree with Congressman Norwood. I think all Americans do have a stake in who is the Teamster president. We do not want a Teamster president who is mobbed up. All Americans have a stake in this. And there is a big difference between the IBT candidates today, including Mr. Hoffa, from the days of Jackie Presser, who used to - because he wasn't subject to a rank-and-file vote, used to brag about his contacts with the Mob and tell jokes about it. No one does that in the IBT anymore because of the rank-and-file votes, and they won't put up with it. That is a big difference. We all have a stake in that.

Second, Judge Lacey, Frederick Lacey, a Republican appointee, a conservative law and order judge, if there ever was one, has done a remarkable job of supervising this process, along with other people such as William Webster, former head of the FBI, who would all come here and tell you that this process that we have paid part of, the IBT has paid part of, we have split it 50/50 essentially between the Government, the American taxpayer, and the IBT, has done a remarkable job of getting the Mob out of labor. It was a big government intrusion.

The other thing to keep in mind that is so important is that the Government made the deal to fund things in this manner, and the reason they did that is that, like any lawyer can tell you, they were getting a pretty good deal. They didn't have to try the case for 2 or 3 years. We could still have that RICO case litigated today if the settlement had not been reached.

This consent decree was not a core judgment, it was a bargain struck between Mr. Giuliani's office and the Reagan administration and the Teamsters so that we did not have to

have a long period of litigation.

Would it have been cheaper if Congress had just passed a law requiring rank-and-file elections in the Teamsters? Sure, but Congress wouldn't do that so Mr. Giuliani had to make this bargain because Congress would not give members the right to vote. That is how we got into this.

Mrs. **Mink**. Mr. Geoghegan, in reference to the consent decree which has been mentioned often this afternoon, what was the basis for the decision that the first election would be paid for by the Teamsters and the second, if called for, would be paid for by the Government?

It seems to me that one of the things my colleagues here is raising is the fact that this was a taxpayer cost and therefore unjustified. I point to the fact that it was contained in the consent decree. We admit that. But can you give us some explanation of how they arrived at this splitting of the costs?

Mr. **Geoghegan**. This is my surmise as a lawyer watching the others. I don't know this as a fact. I am willing to put it forward as my informed opinion. I believe that the union felt that to the extent the union could pay, the union could control the process more. And remember, the union was held by the old guard then. So the union back then wanted to pay, but they didn't want the second election, and they wanted to discourage the Government from doing it, so they said, if there is a second election, Government, you pay. And that would discourage the Government from coming back in and running it a second time.

Mrs. **Mink**. So what was the reason then that the Government, knowing it would have to pay for the second election, was calling for a second supervision in 1996?

Mr. **Geoghegan**. Because one election is not enough to get the Mob out of labor.

Actually, no one really expected the reformers to win the first election. The Government thought that the reformers would win some of the seats, the vice presidential seats, and create an opposition party to the old guard. But what happened, contrary to expectation, is that the reformers, to everyone's surprise, won everything. So if the Government - so that is essentially the reason.

Mrs. **Mink**. So before there was this supervision of the elections, either by '91 or '96, was there a process by which any one of these aggrieved individuals who had brought their cases here, all very grievous allegations of physical attack and so forth - would there have been a process in place where they could have taken their complaints and had them adjudicated as we currently

have under the consent decree?

Mr. **Geoghegan**. Absolutely not. And the great thing about this process is, those 15 volumes are eloquent testimony to that everybody can be a lawyer now in the Teamsters, including the Hoffa people and the Carey people.

Mrs. **Mink**. Well, with my last seconds - I only have a chance to have 5 minutes of questions - I want to at least be able to ask of the first witness, Mr. Passo: You said you have been a member of the Teamsters Union for 22 years. So I assume that you have been through many of these election contests and have an experience.

In your view, before the consent decree, was there in place a mechanism that the union members could utilize if they had a complaint about the outcome or their treatment or the way an election was run?

Mr. **Passo**. Yes, there was. I feel that before the consent decree, members would come to their locals and vote, you know, the way they wanted to. It wasn't a controlled election. I mean, it wasn't an election that could be stolen. You were there, you were voting, you were, as a person, and nobody seeing - nobody could tell how you voted. It was legitimate. There were people that supervised it. It didn't go through a process, through, what do you call it, a post office, and then through a joke of an election that we had, I was in the election process and observed the counting and everything, and there was 12 rooms we had to observe. There were people walking around with ballots that were going through hallways. There was - Ken Path, a so-called - he is not even a Teamster, he is a TDU, never paid union dues. The guy is walking around the union election in Bethesda, Washington, over there, with boxes. And I hollered at the election officer to get rid of them. No; take it easy; take it easy. It was a joke, it was a farce.

I found ballots in the garbage cans; I testified to that; I found them in the West End processing, I found them in the East End processing, and the only thing they said is, it was a mistake that they threw it away.

If there is any corruption, it is now. They have all the ability to steal the election. They have done it, it is proven, and now they are crying about it. Let them face what is coming to them and bring back what we used to have and have an open election where you can come down and vote and not be threatened or beat up like I was because I wanted to vote and be democratic.

I mean, I can't even speak in my union hall. I mean, you talk about a process of how was it before. I go to my union meetings, I am cut off the mike; I can't talk. I go and bring up issues, I am called a Dago, a Guinea. I mean, what do you know? I mean, it is racial. It is embarrassing to be a Teamster.

The membership right now - and I can speak for a few of them - there is no pride no more. I mean, it is controlled. You talk about Mob. It is controlled by the Mob now more than it ever was. I mean, if Carey isn't the Mob, I don't know. It is ridiculous.

Chairman **Hoekstra**. Thank you.

We are going to go to Mr. Hilleary.

Mr. **Hilleary**. Thank you, Mr. Chairman.

Like my colleagues here to my right, I noticed several expressions of disbelief on the faces as Mr. Geoghegan was giving his testimony. I know Mr. Coleman frowned there once or twice when he was talking about how spick-and-span the union had become or was moving in that direction.

Mr. Coleman, would you like to comment on some of those things?

Mr. **Coleman**. Sir, the only thing I would like to say is, it may look spick-and-span from the outside, but from the inside, it is very dirty.

The only thing being done these days is, everything is being hidden. Charges that are filed in the internal system are thrown on the back burner if it is against one of their supporters. If it is somebody speaking out against them, boom, you are run right through. You are suspended out of the union, and you are fined so you cannot run for office.

That is what happened to the candidate of my choice in the election, because he chose to run for office in his local union that he had been a member of for 25 years. Once the election was stolen from him, then he was brought up on fraudulent charges, suspended from the union, and fined $5,000 just because he wanted to run for office. That is going on in every local union, especially the ones under trusteeship.

When these locals are under trusteeship, when they get ready to come out, there is already a man picked, and he gets it.

And, Mr. Sullivan, you will find that out real quick, sir, in your election. They have it picked; they have it rigged; they have it set up. The secret ballot deal is a joke. There are forms the local union has to file. Well, my union only had 3,283 members in it at the end of 1996, and in March of 1997 the international union that conducted our election sent out 3,716 ballots. That is just about 500 too many, because their boy had to win that election for them.

They know the international election was getting overturned, they know we had the heat put on them, and I was not a Hoffa supporter, but when you come in my backyard and start

dirtying up my backyard, then I have to get involved. I can only clean up one thing at a time, and I chose local unions, and we are fighting hard to get that election overturned, which, by doing that, we had to reach out for some help from some international people.

Mr. **Hilleary**. It does seem like there is a lack of due process. It just seems like it is a series of kangaroo courts.

Mr. **Passo**. That's all it is.

Mr. **Hilleary**. Ms. Dusina, you observed several administrations, Teamster Union administrations.

Ms. **Dusina**. Yes.

Mr. **Hilleary**. How would you characterize the Carey administration compared to some of the other ones you have seen under the more corrupt periods as described by Mr. Geoghegan?

Ms. **Dusina**. My experience in trying to remain neutral, you know, as I explained in my statement, it is very important, for an international organizer who goes in and out of these some 600 local unions we have, to not go in there with any other purpose, other than organizing unorganized workers.

You are going to make enemies if you go into a Hoffa local and you have a Carey button on or you start preaching that kind of thing. They are going to get angry with you, and they have local union autonomy, and they shut you down, and you can't help the unorganized workers.

My experience with the past has been this. When they got an election coming up for the general president, they would pass the hat. If you had the money to put into the hat, you put it in there. If you didn't have the money, there was no repercussions.

I feel, you know, that if Mr. Geoghegan believes in democracy, and if you can't have dissent or disagreement with the current administration, if I can't say, I'm sorry, I disagree with you and I can't remain even neutral, let alone come out and have been a Hoffa supporter, what kind of reform is that, and who is going to reform the reformers here?

Mr. **Hilleary**. It seems like the suggestion was made that possibly this is not the rule, it is the exception, but would you all agree - anybody can answer this on the panel - that your stories are

basically the tip of the iceberg?

Ms. **Dusina**. Absolutely.

Mr. **Hilleary**. You all know other folks who have been just as pressured or just as disgusted at what has been going on.

Mr. **Passo**. Yes.

Mr. **Hickman**. Yes.

Ms. **Dusina**. A lot of staff people would like to be here today, but they are afraid for their jobs because if you have any dissent, any disagreement, you know, it is not like - my rights were trampled on here. They know how I voted. They even told me in the general election for president that because they scanned - they had a scanner to scan, and because I live in Florida and my local union is in Ohio, where I come from, and that is my home local - my husband belonged to that local - that they would have a way of identifying how the staff voted.

Well, that is easy enough. I mean, you don't have to be a genius to figure out, you send it to a friend in Cleveland and let them mail it for you.

Chairman **Hoekstra**. The gentleman's time has expired.

We have a guest at our hearing today, Mr. Scott, who is not a member of the subcommittee, but is a member of the full committee.

Thank you for being here today, and we extend to you the privilege of 5 minutes of questioning.

Mr. **Scott**. Thank you, Mr. Chairman, and I want to express my appreciation for your indulgence and for the ranking member for her invitation to attend the hearing.

First, Mr. Passo, when Mr. Zero was convicted, can you tell me what sentence he was given? I don't think I heard that.

Mr. **Passo**. He was convicted of two counts of battery, and he was sentenced to 1 year probation, and he couldn't come close to me, or whatever.

Mr. **Scott**. And you indicated intimidation when you tried to vote. Now the presidential ballot, were you talking about the presidential ballot or other elections?

Mr. **Passo**. Local elections.

Mr. **Scott**. The presidential ballot is an individualized ballot that you can fill out without any problem, without any intimidation, and mail in.

Mr. **Passo**. Right.

Mr. **Scott**. So there is no problem on that ballot.

Mr. **Passo**. No.

Mr. **Scott**. Mr. Geoghegan, I think you were trying to distinguish between an election that had to be thrown out because of so many irregularities and Mob corruption. Is it your assertion now that the union is not controlled by the Mob?

Mr. **Geoghegan**. Yes.

Mr. **Scott**. Let me ask a follow-up question, and you can answer both at the same time. How do you know?

Mr. **Geoghegan**. Because the 74 trusteeships in the removal of 200 Teamster officers and the investigation of the - not the election officer but the investigations officer, first Mr. Carberry and Mr. Lacey, I don't know that anyone has done an emphatic statement that there is no Mob influence in the IBT anymore, and I would hesitate to go that far, but I will say there has been an enormous change and a lot of the worst actors are out.

Mr. **Scott**. Have you followed the irregularities that caused the election to be thrown out?

Mr. **Geoghegan**. Some of them.

Mr. **Scott**. Do they appear - based on your background or knowledge, appear to be connected to the Mob or just people regularly campaigning?

Mr. **Geoghegan**. No. There is a huge difference between La Cosa Nostra and the citizens action groups, and there is a huge difference between the control of the union, and especially locals, by Mob elements and what is essentially a series of violations by union officers of standards that are stricter than those applied to Congressmen and to other elected officials.

For example, when we talk about employer money, we mean, certainly all of you, and anyone who employs anyone in any capacity, even a secretary, or a statement by anyone who employs a secretary to somebody else that they should contribute to Ron Carey, not people connected with the IBT.

The public sees these charges in the newspaper - corruption, employer money - and they get the absolute wrong impression. What is going on - and I am against this, but what is going on is something that is often hypertechnical, and that is the case of some of the employer money charges.

Now the charge of laundering of union funds I regard as extremely serious and as a matter, I think, that justifies the rerunning of the election, provided that we're not offsetting violations by the Hoffa campaign and that was never investigated.

Mr. **Scott**. Well, if they are offsetting violations and nobody knows who won, then should it not be thrown out for that reason, so that the rank and file can have some idea of who their president should be?

Mr. **Geoghegan**. Well, you know, it is a matter of opinion whether or not an election officer, or judge in this case, should simply focus on the violations of one side or both in making a determination of whether to rerun an election.

I think that the judgment call that the election officer and the judge made in this case was defensible. In a better world, I think it would have been appropriate to look at the violations of both sides in conducting an investigation.

Mr. **Scott**. My time is running out, and I want to get in another question. And that is, the timing of the next election, in light of the fact that I understand there is a question of whether or not Mr. Carey may be disqualified, whether people have an adequate time to run a campaign within the

time frame given.

And that is to anybody who wants to answer.

Mr. **Passo**. I think the timing of this election is totally political and it is set up for - to the best interest of Ron Carey, because his so-called UPS strike that just took place - and I'm not against the strike because I stood on the strike line every day, day and night, and I supported Ron Carey. I left my politics at the picket line and represented the members and helped the members run the strike.

Where?

But why is the election officer, Conboy, or Judge Edelstein so worried about giving us an election? Why doesn't he take care of business and see what happens to Ron Carey if he is going to be disqualified first?

I mean, the election could take place. We don't even know if Ron Carey is going to be able to run for office. And what he is doing to us - here in the beginning, he set the election that the ballots were going to be mailed right before Christmas. Everybody knows how the post offices are all over the country at Christmas time. I mean, that is a joke. I mean, does he think all the rank-and-file members are stupid?

I mean, it doesn't take a brain scientist to figure out that this man has got some control somewhere, somehow, he has a good friend and he gives him whatever he wants. And I think the purpose of this committee is very important and that it will help us and that the election process should just go on and take place after or in time that Mr. Carey or whatever they find out, if he is guilty of those charges.

Chairman **Hoekstra**. Thank you.

Mr. Ballenger.

Mr. **Ballenger**. Thank you, Mr. Chairman.

First of all, Mr. Geoghegan, I would like to ask right now, are you being paid by some Teamsters Union?

Mr. **Geoghegan**. No.

Mr. **Ballenger**. You are working free?

Mr. **Geoghegan**. Right now?

Mr. **Ballenger**. I mean, are you on the payroll or a retainer, whatever you want to call it? The lawyers work for various clients.

Mr. **Geoghegan**. I understand that.

Mr. **Ballenger**. Are any of the Teamsters Union paying you as -

Mr. **Geoghegan**. I do some incidental work for Teamsters, and I checked to find out how much income I received. It was less than 1 percent of our firm -

Mr. **Ballenger**. That is all right. You don't need to answer anymore.

Reclaiming my time, it appears that a large amount of the discussion has been about Mr. Carey and his recognition for what kind of people he has as friends.

I don't know how many of you have ever read Fortune magazine's October 27 story about, "The Teflon Teamster." In it, it says: The Feds and the press overlook the dark side of Ron Carey, and here is what they missed, and then the Teamsters chief has been tarnished by charges from questionable real estate deals to alleged Mafia connections, and then, in recent years the government has removed numerous - Mr. Geoghegan said it - removed numerous Teamster leaders for associating with mobsters. The same rules apparently didn't apply to Carey.

Mr. Chairman, is it legal for me to put this in the record?

Chairman **Hoekstra**. Without objection.

[The information follows:]

"TROUBLE WITH THE TEFLON TEAMSTERS," FORTUNE MAGAZINE, OCTOBER 27, 1997, PG. 159– APPENDIX M

Mr. **Ballenger**. It is the story from Fortune magazine October 27, 1997.

Chairman **Hoekstra**. We will, without objection, and we will make a copy for the Minority.

Mr. **Ballenger**. Let me ask somebody that has some knowledge of it.

What is the penalty? When you read off all the rules and regulations for the consent decree, 1988 and 1991, whatever it was, what is the penalty for not abiding by rules? Does anybody go to jail or do we spank their hands or do we say naughty, naughty, don't do that again? Does anybody know?

Mr. **Hickman**. A number of local union officers have been barred for a lifetime from the Teamsters.

Mr. **Ballenger**. Because of this?

Mr. **Hickman**. Because of less than - for less doing of spending that kind of money. Depending, again, what was said here earlier, depending on which side you were on -

Mr. **Passo**. Right.

Mr. **Hickman**. - where your affiliation is. So I think the answer to your question is, yes, there are local union leaders that have been barred for life by the IRB, who is overseeing this.

You also have the international vice president that has been barred for life for buying a boat for less money than it was valued at. Okay?

Mr. **Ballenger**. Yeah.

Mr. **Hickman**. He was barred for life.

Mr. **Ballenger**. Do not string this out too long because I have only 5 minutes. I accept what you are saying.

Mr. **Hickman**. Go ahead.

unelected Delegates voting?

Mr. **Ballenger**. Ms. Dusina and somebody else were both unelected delegates that had a right to vote. I never heard of an unelected delegate that had a right to vote.

Mr. **Hickman**. You see it here. All staff had to go to the convention.

Mr. **Ballenger**. You were unelected, but you had the right to vote?

Mr. **Hickman**. Right.

Ms. **Dusina**. If you examine my statement, I asked permission not to attend this convention. I had a close coworker die on the job. I was sent out to be a representative from the international to help his family. It was like a bad time for me, and I didn't really want - I wanted to stay neutral. I didn't want to become involved in this, like hooting and hollering and all this stuff they do. I got over that 30 years ago, Congressman.

When I was forced to go, and then when I got there and found out that they were putting things before me, not constitutional issues, but issues of like a member being suspended and they could appeal to this convention body, I had no knowledge of what I was voting on or who I was voting on, and I was very uncomfortable with having to vote on an issue I wasn't familiar with.

incredible

Mr. **Ballenger**. Well, let me just say I have been involved in elections, watching elections in Central America and Guatemala and Nicaragua, El Salvador, where you had dictators threatening to kill people if they voted or if they did not vote, and I will be frank with you, even in a dictatorship, those elections that I witnessed there were much cleaner than what you all have gone through up here.

I do not really understand how the Federal Government could have somehow looked over somebody's shoulder, it does not look like they were looking to me, but how they could look over somebody's shoulder and allow an election to be held in such a manner. I mean, if we did that up here, we would all be in jail; rather than getting our hands spanked, we would have to go to jail about such things.

With that, I would turn it back to you, Mr. Chairman.

Chairman **Hoekstra**. Mr. Scarborough.

Mr. **Scarborough**. Thank you, Mr. Chairman.

I want to go back to a statement made by Mr. Geoghegan. He said, "More democracy and fairness is now in the IRB than any 'dewy-eyed reformer' could have imagined in 1989."

Mr. **Geoghegan**. By a Federal prosecutor.

Mr. **Scarborough**. By a Federal prosecutor. I noticed that drew some smirks from the left side of the panel here.

Just for the dewy-eyed reformers who may be following this hearing, how many panelists got the hell beaten out of them during this election process?

Two? Okay. I believe, Mr. Passo, Mr. Geoghegan decided to bring it up that you somehow got charged or you somehow were cited for something; that, I suppose maybe you had the bad taste of bleeding or being hospitalized after being thrown down the steps by 15 people and the president.

Since your character has been brought into this, being beaten up, can you just for the record tell the dewy-eyed reformers out there why Ron Carey's group sanctioned you for anything involving this?

Mr. **Passo**. I'm sorry?

Mr. **Scarborough**. What were you sanctioned for?

Mr. **Passo**. I was - the letter that I had signed?

Mr. **Scarborough**. No, I thought -

Mr. **Passo**. Why was I attacked? Oh, the penalty.

Mr. **Scarborough**. What penalty did you get out of this process?

Mr. **Passo**. The penalty I received was that I had to write a statement saying that I wouldn't campaign no more, and Gerry Zero had to write a statement saying he wouldn't beat me up no more.

Mr. **Scarborough**. Seems like you probably got the better end of that deal.

Mr. **Passo**. I think so. It's typical Carey.

Mr. **Scarborough**. It is interesting. I do not know that dewy-eyed reformers would take much pride in that.

I also am concerned when I hear quotes that the bone-chilling fear is gone; and, again, I ask those that have testified about their concerns over this last election if in fact the bone-chilling fear is gone.

Will we hear stories of intimidation, the type of intimidation that obviously occurred during this election? Do you all really believe that we have made such great strides over the past?

Maybe Mr. Coleman and another person that got beaten up, maybe he could address this.

Mr. **Coleman**. No, sir. The intimidation factors are still there. I cannot go to a union meeting without carrying somebody with me to be sure I am not attacked again.

They had three people there that attacked me, one of them being approximately 6-foot-4, weighing between 350 to 400 pounds. They brought him all the way down from Houston, Texas, down to Beaumont. He was just a member whose dues - it is my belief that his dues was not even current during that time. He should not even have been in that union hall, but he was their hit man. They brought him down.

See, their belief is if you shut the loud-mouth one up, the squealers down below him will just quiet down.

Mr. **Scarborough**. I have had some experience with that up in Washington myself.

Let me ask you, Mr. Coleman, you said that this guy came down specifically from Houston and was what you called a "union hit man," so to speak. Was it your belief and your understanding and other people's understanding around you that he did come down there specifically to shut you up and subvert the democratic process inside the union?

Mr. **Coleman**. I would hate to say he come down there specifically to shut me up, but yes, it was other people's belief that they was down there to intimidate and to do something, because during

the whole meeting they did nothing but just walked around the union.

The members, as they was sitting, they would circulate. They said there was three others, and they would station themselves in strategic places around the membership. And this particular one, sir, was wearing his campaign T-shirt for the other side, the slate that is now sitting in office.

I don't ever say they won, that sit, that are sitting there. He was wearing his campaign T-shirt for them that night.

Mr. **Scarborough**. The side, you said earlier in your testimony, you supported.

Mr. Kruezer, did you want to say something?

Mr. **Kruezer**. Yes, sir, I would like to make a statement on that.

Basically, there is different ways of intimidation. Fired twice, pay cuts, brought back.

There's something that you people don't understand. I'm a Teamster. I'm proud of being a Teamster. No one's going to run me away. I'm nonpolitical. I go out and organize nonunion people. That is my job.

The problem I have with this panel is, a bunch of people on this table right here have their opinion. They have the right to that opinion. There's one individual that is not even a Teamster. I have a problem with that. That's a cancer from within killing the Teamsters. Intimidation is going to kill us. And the one problem is, let's fight; no, let's not fight. It isn't about that, it's about making families better off.

Yeah, we're fighting for that. And if I'm wrong for that, then I'm wrong. I believe in a few things: my family, America and being a Teamster. And there's one individual up here today that, I'm sorry, should not belong here. Thank you.

Mr. **Scarborough**. Mr. Chairman, if I could just say one more thing. That's a good point that you make. I was going to ask you if you were proud of your job, if you were proud of your union, and if you were proud of the function that you served in the union. And, obviously, you answered that question very well.

And I may say to Mr. Sullivan, who said earlier today that - he mentioned that he had a 12-year-old child. As somebody fairly new to this process myself, I can tell you there's nothing more bone-chilling, even more bone-chilling than being thrown down a flight of stairs, of believing that you are not going to be able to support your children and support my two boys just

because of what I believe.

I think that is repugnant for this union, and I think it is repugnant for Americans to have to put up with this.

And I yield back all the time I have.

Chairman **Hoekstra**. The gentleman's time has expired.

There are just a couple of points or questions I would like to ask. I believe Mr. Hickman, Mr. Kruezer and Ms. Dusina, I am not sure it has come out clearly, but the three of you and the jobs that you perform within the Teamsters, correct me, you all work in some capacity as organizers, going out to try to -

Mr. **Hickman**. I work as an international representative. I do a lot of negotiations for the airline division, plus I also help in some organizing.

These two co-workers of mine to my left are international organizers. Their primary job is to go out and organize the unorganized.

Chairman **Hoekstra**. And as such, the two of you have felt a strong need, as there are local elections or there are national issues, to be seen as being neutral on those issues; otherwise your capacity to perform your jobs might be compromised? Is that correct?

Ms. **Dusina**. Yes. Yes.

Chairman **Hoekstra**. You guys need to be -

Mr. **Kruezer**. Let me insert something.

I have been taking and putting in campaigns in different locations 'cause I am nonpolitical. Other organizers cannot even go and do their job. Yeah, being nonpolitical is part of our job to assist the membership.

Chairman **Hoekstra**. Being nonpolitical, being neutral is really almost a requirement for doing your jobs?

Ms. **Dusina**. Absolutely. And just let me say this one thing. Prior to this, to the current director of organizing that we had, the prior director of organizing made it absolutely crystal clear that our job was to not become involved in any local union politics, or on the national level any general politics, or else the locals would shut the doors to us. If we can't get in the local and have access to the copy machine, the fax machine, the offices and reproducing literature and that kind of thing, we get shut down and we can't organize.

So there are different ways that I'm sure Mr. Geoghegan, not being a Teamster, doesn't understand. Back in the, quote-unquote, "old days," they talked about mobs and weapons and that kind of thing.

There's another club that they have today to hold over a worker's head. And I'm a worker; I'm not a leader, I'm not elected to anything. I just work for a living, like the 1.4 million Teamsters out there that are getting labeled as mobsters and crooks and criminals and that. We're overwhelmingly honest, we're overwhelmingly not corrupt.

But the club that I feel has been used in my case is, if I did not pay the money and I did not go along with the current administration on every single issue, then I'd lose my job. And today, in this job market and with the unemployment, today that's as much as of a billy club as if you want to refer to it as a violence.

I have been a Teamster for years and worked in almost every local in the country. Nobody's ever threatened me other than an employer.

Chairman **Hoekstra**. Part of the reason that we started with this panel is, we did want to hear from grass-roots Teamsters, because we probably all know Teamsters back in our home districts, go to church with them, our kids go to school with them. And I think you're absolutely right, the vast, vast, vast majority are law-abiding citizens. They send their kids to the schools we do, we play tennis with them, and that is exactly right.

I wanted to ask, I think at least two or three of you may have referred to the contributions that you were expected or were requested to pay to support the Carey campaign. Actually, it gets to be sizable numbers.

Mr. **Hickman**, is it correct if I take a look at what you have testified to, that perhaps you were - over a period of a year, maybe year and a half, you paid somewhere in the neighborhood of $1,400 to $2,000?

Mr. **Hickman**. Very possibly. Mr. Chairman, my wife would send a check in every month. Or if she forgot about it, we would try to resend it or send a double payment in. But, yes, I sent a good bit of money into the campaign.

Again, as I said in my statement, there's one thing of saying, if you didn't contribute, "we'd appreciate it," rather than saying, "I need this amount of money." I object to being directed to contribute anything rather than asking to contribute.

And one other, if you don't mind, Mr. Chairman, it has been in my gut here since our lawyer friend over here has been talking.

We came before this panel here today to talk about what was wrong, why the government spent all this money and the overseers neglected to reason or to follow up on all these objections filed, and that is why we have another election. This gentleman over here never, ever addressed that issue. He is addressing the mob.

Let's get serious, gentlemen. You can see right through this guy. He's a fake. He's a phony.

Chairman **Hoekstra**. Well, let us refrain from personal characterization of other members of the panel.

Ms. Dusina, you, in my calculations, may have contributed up to $700 to the Carey campaign; is that correct?

Ms. **Dusina**. I serve out in the field, and my husband takes care of it; but I think he pulled eleven $50 checks. We were just required - we get paid once a month, field staff, and you know, it's directly deposited, and he just made out a check for $50.

But you have to understand we have to be members also. I'm a member of local 73. That was $42 a month from my dues, which I don't have a union contract. I'm not represented by a union, not due to lack of trying, but that's $92 I was paying, and I felt that I had less job security if I stepped out of line or I did the wrong thing; that I didn't - like, I was not allowed to have a dissenting opinion about anything or to speak my mind.

I felt, for $92 a month, I ought to have a little job security, but I had none at all. If I said anything that they disagreed with - I wanted to remain neutral. But let's say I wanted to put on a Carey button, that was okay. But if I wanted to put on a Hoffa button, I would have lost my job. And I felt those days were long gone that we got paid for our jobs here.

Chairman **Hoekstra**. Thank you. My time has expired.

There are members who have indicated that they are interested in a second round of questioning, so we will have a second round of 5-minute questioning in the same order that we went through the first time.

We will begin with Mr. Norwood.

Mr. **Norwood**. Thank you very much again, Mr. Chairman.

Well, Mr. Geoghegan, you have stirred it up. Seems like I cannot get to ask the questions I want to ask for referring back to you.

Tell me what you know about the Atlanta local, Teamsters.

Mr. **Geoghegan**. Very little.

Mr. **Norwood**. How about the Houston local?

Mr. **Geoghegan**. Which Houston local?

Mr. **Norwood**. I do not know what local. Any of them. Any local in Texas.

Mr. **Geoghegan**. Which Atlanta local?

Mr. **Norwood**. Any local in Georgia.

Mr. **Geoghegan**. I know several locals in Georgia. I know of them and I know generally ones where -

Mr. **Norwood**. The fact is, the local you know most about is in Chicago?

Mr. **Geoghegan**. Pardon?

Mr. **Norwood**. The fact is, the local you know most about is in Chicago?

Mr. **Geoghegan**. Congressman, there are many locals in each city or region, so for example -

Mr. **Norwood**. Let's not worry about all that part. I want to know how you know so much.

Let me get right at it. You worked for the union 20 percent of the time?

Mr. **Geoghegan**. No, no, no, I said -

Mr. **Norwood**. You bill 20 percent of the time.

Mr. **Geoghegan**. Congressman, I said under 1 percent, significantly under 1 percent of our firm income last year came from the ICT or IBT locals.

Mr. **Norwood**. Then that makes me ask my question. You have made some very strong comments, almost as if the means justifies the ends. You have said you know -

Mr. **Geoghegan**. I have never said that.

Mr. **Norwood**. You never said those words, but what you said implied that.

Mr. **Geoghegan**. No, not even remotely.

Mr. **Norwood**. I want to know how you know so much. You are not a member of the Teamsters Union. You have made very strong comments here about what you do and do not know. How do you know so much?

Mr. **Geoghegan**. I have been active in the Association for Union Democracy, I have represented Teamsters for Democratic Union since 1979, and I spent most of my professional life during the 1980s representing union member dissidents, not just in the Teamsters, but in other unions, including the Steelworkers and IBEW and many other unions.

I have written a book on the subject called "Which Side Are You On?" It was named one of the five best nonfiction books in 1991 by the National Book Critics Circle. I know lots of academics. They are my friends; we talk about this. I occasionally write articles about it in The New York Times, and I get lots of calls from people, including people like Ken Paff who called me up and said, "Will you come down and talk to this panel? "

Mr. **Norwood**. I am not questioning about who asked you to come, but my question is of all your knowledge. You do not seem to be saying the same things that many of the real working people in the Teamsters Union are saying. Now, I do not need a comment. Thank you.

Mr. **Geoghegan**. These are union staff bureaucrats who are on this panel here.

Mr. **Norwood**. Another part of what was said here earlier that rather amazed me was that we really need the government, Mr. Chairman, to pay for the 1996 election, so that we could make sure that it was a free and open process. Well, the government did, and it was not a free and open process, so says the U.S. court.

But if that is true, how do we justify the 1991 election, Mr. Chairman, that was paid for by the Teamsters? If it was true in 1991, why was it not true in 1996? I have a little problem with that.

I do not know anything about La Cosa Nostra or Citizens Action. I honestly do not. I do not have any experiences there, except there was an implication that one is not like the other, or we have totally gotten away from that some 10, 15 years later.

But, Mr. Hickman, I would love to hear what you think about that since that statement was made here.

Mr. **Hickman**. Which was that, again?

Mr. **Norwood**. Well, the statement was made earlier by someone on the panel - it has been so long ago I have forgotten who - that La Cosa Nostra was totally different than Citizens Action, or at least the end result was totally different.

Mr. **Hickman**. I don't know anything about Citizens Action or about the so-called scheme that they were involved in, because that is way above my head. I am not at that level that was involved in all that.

What I was involved in and what I am testifying here today, and not to skirt the question, is the fact of what I experienced during this election which was overturned by wrongdoing; and that is what you people over here are trying to say, what did we uncover, what went wrong, and why did we spend all this money and it came out to be no good. It was declared illegal because of illegal contributions, illegal acts and so on and so forth.

As far as the La Cosa Nostra, I don't know because I'm not associated with them.

Mr. **Norwood**. Mr. Chairman, may I follow up on that?

Chairman **Hoekstra**. The gentleman's time has expired. We're going to go to Mrs. Mink, and maybe you can get some time either from Mrs. Mink or from Mr. Hilleary.

Mrs. **Mink**. Not from me.

Chairman **Hoekstra**. Will Mrs. Mink yield to Mr. Norwood?

No? Okay.

Mrs. **Mink**. That is an unfair request. I have been waiting all afternoon for my turn.

I want to go back again to Mr. Passo and talk about local 705 and its being placed in a trustee situation. Approximately when did that occur?

Mr. **Passo**. Trusteeship was 1993, I think it was.

Mrs. **Mink**. 1993. Now, do you know of any reason why a trusteeship was ordered for this particular local?

Mr. **Passo**. I was an organizer at the time. I was organizing nonunion companies, and it was placed on the trusteeship under Dan Ligurotis, who was the principal officer, and I really can't remember why exactly. I never seen any of the charges or anything because my job was to organize.

Mrs. **Mink**. While you were associated with 705, did it ever come to your attention that the trusteeship was ordered because of abuses in the local's handling of health and pension funds?

Mr. **Passo**. When I was employed, you said?

Mrs. **Mink**. No, no, when the trusteeship was called for, were you aware of abuses in the local dealing with the handling of health and pension funds?

Mr. **Passo**. No, I wasn't aware of that.

I'm telling you, I was an organizer and I was specifically hired just to organize and I couldn't even get to see my boss. It would take me a month to 2 months to make an appointment to see him.

Mrs. **Mink**. Well, was it part of your testimony that you said that the trusteeship was called because they were, quote, an unfriendly union to the Carey administration?

Mr. **Passo**. That we were put into trusteeship because we were unfriendly? Well, we were - that was the election, the election. After the election process, or after the trustees came in - and they were our trustees, they were our trustees. We were unfriendly to the trustees that were there. I was - myself I could speak for, was a Hoffa supporter, and I was just thrown out and fired.

Mrs. **Mink**. But you do not know why the trustees were there and what abuses they were asked to investigate about all the health and pension funds?

Mr. **Passo**. I heard that they were health and pension funds, but I don't really know exactly why. At that time, I didn't know why it was put into trusteeship. I had no idea at all. I was just hearing rumors and talk and everything.

Mrs. **Mink**. Are you aware of $13 million of those funds which were ordered repaid to the health and benefit fund?

Mr. **Passo**. I know of a person that filed a lawsuit that is a friend of mine, and filed a lawsuit that there was $13 million, and he won the lawsuit for health and welfare, I think it was.

Mrs. **Mink**. What was the basis of the lawsuit? Was it not abuse within the local of the management of the fund, which eventually led to a return of $13 million?

Mr. **Passo**. I don't know that. I really don't know that. Seriously, I wasn't a part of the case. I wasn't at the trial. I wasn't at the trial. I had no part of it.

Mrs. **Mink**. Fine.

I would like to direct a question to Ms. Dusina. I certainly concur that any demands for contributions and oppressive activity is certainly improper, if not illegal, in terms of promoting the campaign of an officer. Now, you indicated that you felt intimidated when all of these activities occurred that were even watching the way you were voting or not voting at the convention.

Since the election was held and Mr. Carey was elected, are you still in the same job that you held before that convention?

Ms. **Dusina**. Absolutely.

Mrs. **Mink**. So they have not taken any action against you?

Ms. **Dusina**. Not yet.

Mrs. **Mink**. Not yet. Well, do you expect any? Have they given you any indication up to this present moment that because of what you did or did not do, or contributions you did not make or actions that you did not take at the convention, has there been any indication since then that you were going to be placed out of your current position?

Ms. **Dusina**. Congresswoman Mink, at the time prior to the convention and during the convention and since, up until about three weeks ago, I was temporarily assigned to a trusteed local to act as a business agent, which is a little bit different. You stay in one place and you're in one local. I actually requested that assignment so that I could try to stay out of the political arena during that time.

But on various occasions, by all of the staff, there have been - how shall we say - veiled threats, innuendo; if you do not do the way the Carey administration does, and if you get like sort of caught, sort of, at a Hoffa rally which - I have never been to one, but then I have never been to a Carey rally either - that you're going to lose your job if you show any support for -

Mrs. **Mink**. So have you, in fact, lost your job?

Ms. **Dusina**. No, ma'am, not yet.

Mrs. **Mink**. Have you received any indications that you would lose your job?

Ms. **Dusina**. No, ma'am.

Mrs. **Mink**. Have you received any indications of affirmation of your position, including an increase in your salary?

Ms. **Dusina**. Ma'am, I haven't had an increase in my salary for at least three-and-a-half years, and I can say that there are people there now with a year or less seniority than myself - and I have been around union organizing for 26 years - that are making $8,000 more than I am. And I have been working hard at it, away from my family and on the road, and made the sacrifices of a union organizer.

But if you support Ron Carey and you will sneak around and work on the Ron Carey campaign, you can get a job over there today at $62,000 a year.

Chairman **Hoekstra**. The gentlewoman's time has expired.

Mr. Hilleary.

Mr. **Hilleary**. Thank you, Mr. Chairman. So you would say, in fact, just to continue on the point you, Ms. Dusina, were trying to make. Are you implying that you feel like maybe you have suffered a little bit of a repercussion?

Ms. **Dusina**. Yes, I have.

Mr. **Hilleary**. Even though you have not lost your job or have not been promoted or anything like that, but you are suggesting that your lack of getting a raise possibly is a result of your participation or lack thereof?

Ms. **Dusina**. And to make it - it's like, if you fall out of their graces - I mean, they pick your assignment, they pick what campaign you're working on, and they can make your life really miserable.

I had a year away from my husband. I live in Tampa, Florida. I had over a year in Miami, Florida, where I was away from my home and away from my family, and I never got so much as a "thank you very much for all your hard work," let alone a salary increase.

Mr. **Hilleary**. Do you have colleagues, that you know specifically, who have been denied promotions or things like that?

Ms. **Dusina**. Absolutely.

Mr. **Hilleary**. You personally know this?

Ms. **Dusina**. Mr. Congressman, the organizers tried to organize so that we could get a contract. The current administration ran an antiunion campaign and fired the committee people and paid them off after our board issued a complaint, because we're denied even getting our own union contract.

Now, I mean, the absurdity of that is, we work for the largest union in America and we can't have a contract? If they had given us a contract, voluntarily recognized us, or not put so much pressure on the guild that they sort of dropped us - had that not happened, I probably wouldn't be here, because I would have had a grievance mechanism to grieve some of the things that were happening to me. But we were denied, the organizers were denied the right to even get a union contract.

Mr. **Hilleary**. You know a bunch of other folks who were also pressured, I take it, to make contributions either monthly or to buy tickets to certain events, et cetera?

Ms. **Dusina**. I think if you examine the employee election officers, those FEC things or whatever it is they have to fill out, you will see that if it isn't 100 percent of a monthly contribution for at least 9 months, if it isn't 100 percent, it is 99.9 percent of every single international organizer, international representative and field service representatives - drive representatives, if they didn't contribute, they're not there anymore.

Mr. **Hilleary**. Fair enough.

Mr. Chairman, I appreciate that, and I yield the remainder of my time in this round to Mr. Norwood.

Chairman **Hoekstra**. So ordered.

Mr. **Norwood**. Ms. Dusina, I will continue with that. I just have a couple of questions.

Perhaps you will be protected from any repercussions through the subpoena power and the fact that the Chairman wrote the president of the Teamsters saying that if you were willing to come testify that we would certainly pay very close attention and protect you in any way we could.

Ms. **Dusina**. Thank you, Mr. Congressman.

Mr. **Norwood**. Well, the Chairman did it, and I was very pleased he did it.

In your statement you make this statement: "Thousands of dollars in staff, airfare, pay, per diem, accommodation and the like cost dues-payers," meaning members of your union, "and taxpayers thousands of dollars."

Tell me what you mean by "and taxpayers." How do you see that?

Ms. **Dusina**. Well, until all of this came to light, probably starting in February, I knew that the United States House and Senate had passed to help fund the Teamster election because of the consent decree. I had no idea, Mr. Congressman, that they paid for the convention.

And when you fly in over 100 people from across the United States of America and you put them up in a Holiday Inn, you know, on Capitol Hill, and you have to pay them per diem, they have to take cabs over here, you're talking about hundreds of thousands of dollars.

Mr. **Norwood**. Do you think that got charged back to the taxpayer, since the taxpayer was paying for the -

Ms. **Dusina**. Well, I think it should have been charged to the Ron Carey campaign, since we never got an assignment. And it was more or less kind of trumped up so we could all go to this $250 - I think somebody said - dinner. But it really wasn't that; the people that attended didn't get a dinner, they got like hors d'oeuvres.

But here is where I think the taxpayers' dollars came in. People filed complaints with the election officer and there was like lots of man-hours. I have the complaint and also her response to it. There was a great deal of man-hours involved in that. And the latest thing I read was in this year and a half of this thing going on, the election officer was paid a million dollars from taxpayer money. That's a lot of money. And I just feel that not only should it have been charged to the Ron Carey campaign and not out of my dues money - some of us feel that we protect the dues-payer's money. And I feel like there were a great deal of man-hours put out there in taxpayers' money used just to fight the fact that there were complaints made about these hundreds of thousands of dollars that were spent for a 3-day outing, so to speak, that had nothing

to do with the convention assignments or - they are not using them now. I don't know whether it's money or not, but now we get a thing in the mail that says, you can do this and you can't do this, if it isn't necessary to fly us all in here now.

Mr. **Norwood**. Thank you, Mr. Chairman.

Chairman **Hoekstra**. The gentleman's time has expired.

We have made some procedural changes. We are going to have 2 minutes of questioning by Mr. Scott, 2 minutes of questioning for Mr. Scarborough; then we will go to our last panel. We really appreciate your being so patient.

Mrs. **Mink**. Mr. Chairman, I ask unanimous consent to have this letter addressed to you from Mr. Ron Carey inserted in the record at this point.

Chairman **Hoekstra**. Without objection, so ordered.

[The information follows:]

LETTER FROM MR. RON CAREY, PRESIDENT, INTERNATIONAL BROTHERHOOD OF TEAMSTERS REGARDING RETALIATION AGAINST WITNESSES – SEE APPENDIX N

Chairman **Hoekstra**. Mr. Scott.

Mr. **Scott**. Thank you, Mr. Chairman. We have had several of the witnesses testify that they felt intimidated by the solicitations. It's probably impossible for someone, a supervisor, to solicit from someone, when they have power over their job, and the person not feel intimidated. In fact, we have a procedure in Congress that we cannot solicit members of our staff for contributions because there would be, I think, an expectation that you would have to ante up if you expect your job. So I can certainly appreciate the feeling.

Now, Ms. Dusina, the people who solicited contributions from you, were they in position to affect your job?

Ms. **Dusina**. Some were, some were not. One person that solicited me - I believe I put that in my statement - called me four times prior to this June 1st, 2nd and 3rd meeting; she reported

directly to the director of organizing, who is my supervisor.

Mr. **Scott**. I just have 2 minutes.

Mr. **Hickman**, did people soliciting you have the ability to affect your job?

Mr. **Hickman**. Indirectly they did, yes.

Mr. **Scott**. And so there is no question that there was at least implied intimidation if you did not ante up?

Mr. **Hickman**. That is true. But if you can also see - my testimony, Mr. Scott, I did say because of my so-called "allegiance," I was removed as a trustee. So that goes to show you it can be affected.

Mr. **Scott**. Okay. Well, I guess what we are trying to get at is what we can do as Members of Congress to ensure that the elections are fair. Do you have recommendations? Obviously, this election was thrown out.

Mr. Kruezer.

Mr. **Kruezer**. Yes, sir. The election board charges and decisions, direct supervision for contributions, stuff like that, government already decided. There's no question.

Mr. **Scott**. I'm sorry, say that again.

Mr. **Kruezer**. There's no question, your supervisors were instructed to do it to you. It's a decision from the election board.

Mr. **Geoghegan**. I have a recommendation.

Mr. **Scott**. Very quickly, so we can get everybody heard within my 2 minutes.

Mr. **Kruezer**. He's not a member.

Mr. **Coleman**. He's not a Teamster.

Mr. **Scott**. Very quickly.

Mr. **Geoghegan**. I think there should be auditing of all the contributions that are made to a candidate. That is part of the ongoing process, and I think the election officer has taken steps to implement that the next time.

Every member of the rank-and-file elections on this scale, the United States and Canada - these are international elections; they involve large sums of money - special rules have to be put in place to ensure that the fund-raising that goes on is legal.

Mr. **Scott**. I want to hear from Mr. Coleman and Mr. Hickman, if they can say something briefly.

Mr. **Coleman**. Yes, sir, I think what we really need to do is look into the agencies that are supervising these elections. It already is shown, since they decertified this, when somebody was not doing their job; and we need to make sure nobody gets control of them agencies, which I believe now Mr. Carey has got hold of a lot of agencies.

Because of the rulings we get on the elections from the election officers, the rulings we get from the Department of Labor on the election and the rulings sometimes that come down from above, it makes you wonder if their job is not being held over their head by Mr. Carey.

Mr. **Sullivan**. Mr. Congressman, is it my understanding Mr. Coleman's assertion is Ron Carey's has undue influence over the agencies that overturned the election and is making them rerun the election? Is that his assertion?

Chairman **Hoekstra**. The gentleman's time has expired.

Mr. Scarborough.

Mr. **Scarborough**. We will leave that hanging, I guess.

Chairman **Hoekstra**. You can deal with it.

Mr. **Scarborough**. That is okay. I wanted to go back to the consent decree, because from what I understand, from what the attorney said, that he felt that was one of the important parts of what happened in 1989, that there was this grievance process. I wanted to ask a couple of people who have had a reason to have a grievance or two if they felt like it is as great as it was cracked up to be.

Mr. **Coleman**, I believe you were the one that said you were beaten up by the "Houston hit man," as you called him. Do you know if the union actually ever made an official statement on that action or have they made any ruling?

Mr. **Coleman**. No, sir, the only thing they made is in the paper. They called it "sour grapes," whatever that stands for. In the Houston Chronicle, they called it "sour grapes." They said it was all political and everything.

Mr. **Scarborough**. Your getting beaten up was political?

Mr. **Coleman**. No, they said my allegations of getting beaten up was political. They said my allegations of being attacked was trumped up because of my political reasons.

And I have filed reports with the police department and the detective department. Whenever I talked to the detective, when he finally did call me to investigate this, he wanted me to know their full names, their correct addresses and their date of births. So it makes me think that maybe he has been talked to also.

Mr. **Scarborough**. But no official response yet?

Mr. **Coleman**. No, sir, I have no response.

Mr. **Scarborough**. And, Mr. Passo, you were beaten up by Mr. Zero - and I have to say, that sounds like a character out of a James Bond movie. Was Mr. Zero removed as president of the local after beating you up and throwing you down these stairs and being charged and convicted?

Mr. **Passo**. No. What really surprises me and makes me really think about the system, the current administration that Ron Carey has right now, is that here is a man that beat me up, I went

to the hospital, and he's allowed to run for office this coming November. He's not going to be taken out of office.

I have filed charges and Mr. Carey has taken the charges and said, well, we won't remove him or take any actions on him until his appeal comes up in circuit court, which you all know that could take a couple of years and all this could be over with.

It really surprises me that Mr. Carey calls himself a reformer, and Bill Hogan of local 714 was taken out of office and removed from his local because of nepotism. And here I am, I get the brains beat out of me, and Gerry Zero is allowed to run and go to a convention and be a delegate.

He was a delegate, not elected, the Hoffa delegates of local 757; and Gerry Zero was appointed by Ron Carey to vote at the convention. Tell me there isn't something funny here.

My local is so politically favored to Ron Carey that it is sickening. If you could see it, our local meetings - you should come to one of our local meetings. Mr. Zero has assigned police, special agent, or whatever he calls him - they won't tell us what they are - with armed weapons, with a gun on the side, to follow me around every meeting.

This guy over here calls himself a Teamster. There was no Mob pressure. What is this?

Mr. **Scarborough**. Sounds worse than Congress.

Mr. Chairman, I thank you for the time you gave me.

Chairman **Hoekstra**. Thank you. I would like to thank this panel for testifying today, for being here.

The committee will recess for 5 minutes, and we will begin the second panel with Mr. Mullenholz.

[Recess.]

Chairman **Hoekstra**. The subcommittee will reconvene.

Mrs. **Mink**. Mr. Chairman, before we begin with the second panel, I would like to ask unanimous consent that this document from the election officer, concerning several of the witnesses who appeared today, be included in the record at this point.

Chairman **Hoekstra**. Without objection, so ordered.

Mr. Mullenholz, welcome. Would you please rise?

All witnesses before the committee are asked to take the oath and promise to tell the truth. Witnesses should be aware that under Title 18, section 1621 of the United States Code, lying to Congress while under oath may be prosecuted under law.

If you would raise your right hand.

[Witness sworn.]

Chairman **Hoekstra**. Just to clarify, at the beginning of the hearing today Mrs. Mink made a motion that we would, for the second panel, for Mr. Mullenholz, each side would have 30 minutes of time for questioning. Mr. Mullenholz is one of our four subpoenaed witnesses who opted not to provide a prepared statement for purposes of this hearing. Instead he is available to answer questions.

Mr. Mullenholz is joined by counsel, Mr. Gerard Treanor, with the law firm of Venable, Baetjer, Howard & Civiletti. Close enough?

Mr. **Treanor**. Very good, sir.

Chairman **Hoekstra**. In a prearranged agreement with the committee, without objection, I, as Chairman, will question Mr. Mullenholz concerning matters relating to the investigation. Ms. Mink then will be provided with 30 minutes to directly question Mr. Mullenholz. We will then allow other members of the subcommittee the opportunity to question Mr. Mullenholz as part of our regular question-and-answer period.

Mr. Mullenholz, thank you very much for being here today. Could you please state your full name for the record.

ORAL STATEMENT OF GREGORY CARL MULLENHOLZ, SR., FORMER IBT D.R.I.V.E (PAC) SUPERVISOR, ROCKVILLE, MARYLAND, ACCOMPANIED BY GERARD TREANOR, ESQ., VENABLE, BAETJER, HOWARD & CIVILETTI

Mr. **Mullenholz**. Gregory Carl Mullenholz, Sr.

Chairman **Hoekstra**. My understanding is that you worked with the IBT; is that correct?

Mr. **Mullenholz**. Yes, sir.

Chairman **Hoekstra**. How long did you work for the Teamsters?

Mr. **Mullenholz**. I worked for them just a little over 20 years.

Chairman **Hoekstra**. What positions did you hold with the Teamsters Union and what were your responsibilities?

Mr. **Mullenholz**. From the time, the beginning of my employment, sir?

Chairman **Hoekstra**. Yes.

Mr. **Mullenholz**. When I began my employment with the International Brotherhood of Teamsters in June of 1977, I was employed as a printing clerk and a general driver. My responsibilities were the printing of internal Teamster documents, that is, the reproduction of them; also driving various members of the general executive board and running general errands for international staff, as requested. I was employed in that department from 1977 until, I believe it was late 1980.

I was transferred to the micrographics department. I was a microfilm clerk responsible for the production of microfiche records of dues payments for all of our local unions. I served in that job from 1980 until the early spring of 1985, at which time I was appointed to be supervisor of the Teamsters political action committee, D.R.I.V.E.

I served as a supervisor of D.R.I.V.E., with all the responsibilities that a supervisor has, until 1994, at which time my staff was transferred to the IBT's accounting department, and I was left more or less by myself in the department, with a few other individuals, at which time I became involved in the process of contribution checks from the PAC. And I retained that position, although - I retained my title and my salary for the next 3 years, until I was suspended on July the 30th with pay and then was terminated on August the 26th of this year.

Chairman **Hoekstra**. Your last position, then, was employed as a supervisor of the national D.R.I.V.E. PAC?

Mr. **Mullenholz**. Yes, sir.

Chairman **Hoekstra**. Which is the Teamster's political action committee?

Mr. **Mullenholz**. Yes.

Chairman **Hoekstra**. Could you describe the purposes of this PAC and provide the committee with a brief review of the separate accounts established under the D.R.I.V.E. office?

Mr. **Mullenholz**. The political action committee, D.R.I.V.E., was set up initially in the late 1950s for the purpose of political education of the members of the Teamsters Union. In 1975-1976, I believe, they became a federally registered PAC according to Federal law.

Again, the purpose was to educate the members in the political process. We, or I - the political action committee, D.R.I.V.E., initiated a fund-raising, voluntary fund-raising effort at that time that brought in dues, check-off money from the members into the D.R.I.V.E. account.

Chairman **Hoekstra**. And were there separate accounts, one for education and one for legislation?

Mr. **Mullenholz**. There were two separate accounts. There was the regular D.R.I.V.E. checking account and then there was another account, another checking account, called the E&L, that is education and legislation account. The first one, the D.R.I.V.E. account, is regulated by the Federal Election Commission. The monthly reports are submitted to that Federal agency. The other is not.

Chairman **Hoekstra**. Were general treasury funds ever used to supplement D.R.I.V.E. PAC funds?

Mr. **Mullenholz**. Yes, sir. All salaries, equipment, things of that nature, were paid by the general fund, which, according to law, was all right. In the past 2 years, there were a number of expenditures made on behalf of the D.R.I.V.E. department from the general treasury for

contributions to organizations.

Chairman **Hoekstra**. And that was unusual or that was more recent?

Mr. **Mullenholz**. That was unusual. That occurred within the last 2 years and that was very unusual.

Chairman **Hoekstra**. Did you have any responsibilities with regard to the general IBT treasury fund or not?

Mr. **Mullenholz**. My only responsibilities in that regard was the same as they were with the two D.R.I.V.E. accounts. I initiated the processing of contribution checks under the direction of Mr. William Hamilton, who was the director of the governmental affairs department at the IBT.

Chairman **Hoekstra**. You indicated you are no longer employed by the Teamsters?

Mr. **Mullenholz**. No, sir.

Chairman **Hoekstra**. What were the circumstances for your departure?

Mr. **Mullenholz**. I was terminated after I had informed people at the international that I had been interviewed by the Federal Bureau of Investigation. That is, I should say I wasn't terminated, I was suspended; then about 3 weeks later, I was terminated.

The reasons stated were that I had interfered with the grand jury investigation, I had given an attorney, my attorney, documents that were privileged and that I had not returned records as they requested.

Chairman **Hoekstra**. What officers' elections occurred during your tenure with the teamsters?

Mr. **Mullenholz**. Pardon?

Chairman **Hoekstra**. What officers' elections occurred during your tenure with the Teamsters?

Mr. **Mullenholz**. Teamster elections?

Chairman **Hoekstra**. Yes.

Mr. **Mullenholz**. During my time there? There was the election of 1981, '86, and '91 and '96.

Chairman **Hoekstra**. Do you have any thoughts on how these elections were handled and run; and were the '91 and '96 elections any different than the ones in the '80s?

Mr. **Mullenholz**. The ones in the '80s were general - well, they were run solely by the Teamsters Union. People elected to office were elected by delegates who in turn were elected by members of a local union.

The '91 and '96 elections were different in that there was government supervision; the rules had changed. Now, at least in the - yeah, the '91 and '96, the members of the general executive board were elected by direct vote of the membership.

Chairman **Hoekstra**. Were there any significant differences between the 1996 election and the 1991 election?

Mr. **Mullenholz**. There seemed - well, this is my opinion. It seemed that there was more pressure put on people within the Teamsters headquarters to support Mr. Carey's reelection.

Chairman **Hoekstra**. Are you aware that the '96 Teamsters election was almost entirely paid for by the Federal Government?

Mr. **Mullenholz**. I am now, sir.

Chairman **Hoekstra**. Was securing Federal funding for this election a top priority within your office or within the Teamsters leadership?

Mr. **Mullenholz**. I saw a number of documents during the spring and summer of 1996 in our department, the government affairs department that urged various Members of Congress to - they were asked - I'm sorry, the Teamsters were requesting that the oversight committee be funded so

that the elections, Teamsters elections would continue in the manner they had in 1991.

Chairman **Hoekstra**. But in 1991 they were not primarily run at taxpayers' expense; is that correct?

Mr. **Mullenholz**. That is my understanding, sir.

Chairman **Hoekstra**. And in 1996 it was a priority within the Teamsters to try to get them to be paid for by the Federal Government?

Mr. **Mullenholz**. That is what I saw, yes.

Chairman **Hoekstra**. During your tenure with the Teamsters PAC, was there a shift in political alliances that was reflected on the part of the candidates the PACs supported for Federal office?

Mr. **Mullenholz**. Yes. Probably the first 10 years I was there, the general executive board, not the PAC itself, endorsed Republican candidates for President and Vice President. That changed after 1991. There was great emphasis put on having Democrats elected to the White House.

Chairman **Hoekstra**. And other offices or just the White House?

Mr. **Mullenholz**. The White House and the Congress.

Chairman **Hoekstra**. Being that you worked at the international offices here in Washington, were you aware of any coercion or pressure by Carey's campaign on Teamsters staff to support his campaign, like working on union time or contributing funds to his campaign?

Mr. **Mullenholz**. Not directly. I heard from a few people in the office that they had been asked to take vacation time and campaign for Mr. Carey. That's basically what I know.

Chairman **Hoekstra**. Were you or any of your colleagues ever asked to use vacation time to campaign for Mr. Carey?

Mr. **Mullenholz**. It was my understanding, as I said, a number of people in the government affairs department were asked to use vacation time to campaign for Mr. Carey. I received a voice mail message from Mr. Hamilton one Monday morning, and he had asked me - he had called on Saturday, left a message, and asked me to call him at home. When I got the message, it was Monday. I had no clue as to what he needed.

He said nothing to me that day or any day thereafter. In a conversation with another employee of the government affairs department, it was indicated to me that Mr. Hamilton had contacted people in the department asking them to take vacation time to campaign for Mr. Carey.

I indicated to my coworker that I couldn't do it, for a number of reasons: one, that I had never played politics at the Teamsters in my entire years of employment; and that I couldn't afford to because, if I lost my job, as I have seven children, it would be very detrimental to me.

Chairman **Hoekstra**. Did any of your colleagues comply with the request?

Mr. **Mullenholz**. Pardon, sir?

Chairman **Hoekstra**. Did any of your colleagues comply with the request?

Mr. **Mullenholz**. It was my understanding, at least two did.

Chairman **Hoekstra**. How about the ones that did not comply? Were there any repercussions that you witnessed or -

Mr. **Mullenholz**. Nothing that I witnessed, sir.

Chairman **Hoekstra**. Could you please summarize for the subcommittee the procedure the Teamsters national D.R.I.V.E. office used to identify, approve and send funds to outside individuals or organizations?

Mr. **Mullenholz**. Could you repeat that?

Chairman **Hoekstra**. Yes. Summarize for the subcommittee the procedure that the Teamsters D.R.I.V.E. office used to identify, approve and send funds to outside individuals or

organizations.

Mr. **Mullenholz.** Yes, sir.

Generally, we received contribution requests for candidates or organizations from our Teamster local unions or joint councils. These always came in written form, either electronic mail or a typewritten letter.

I would take these requests and, in a folder, would give them to Mr. Hamilton, the director of governmental affairs, on a daily basis for his approval. He would either disapprove - I mean approve or disapprove the various requests, give me the ones that had been approved.

I would take those, and then my personal computer would prepare a cover sheet that listed the name of the individual making the request, the party for whom the request was made, the amount and the purpose. I would then attach the supporting documentation to that cover sheet, give it back to Mr. Hamilton for his signature.

There was a line on each cover sheet for Mr. Hamilton's approval and the general president's approval. Mr. Hamilton would approve it, that is, sign it, give it back to me, and I would either send it over to Mr. Aaron Belk's office, who is the executive assistant to the general president, for his approval. I would either send it interoffice mail, or I would hand-carry it, depending on the urgency of the request.

Mr. Belk would review the package, and if he approved it, he would put his initials on it and send it to the general president's office for signature. If he felt that any of the requests were unpleasing to him, shall we say, he would strike those and then send the package over to the general president's office.

Once they got to the general president's office, Mr. Carey's signature was affixed by a signograph machine. The package then went down to the D.R.I.V.E. accounting department for data entry, and then that information was sent up to the regular accounting department for the cutting of the checks.

Chairman **Hoekstra.** Did that procedure pretty much stay in place through all of 1996?

Mr. **Mullenholz.** Yes, sir. There was a difference between the D.R.I.V.E. and the general fund request, in that the - any request - or any contributions coming out of the general treasury had an additional step, and that is, they went to the IBT's legal department for approval and signature by the general counsel before they went to Mr. Belk's office.

In the early summer of 1997, I was directed by Mr. Hamilton to remove the line on the general treasury cover sheet for the legal department, and he also told me that no longer was I to

send these requests to the legal department, they would go directly to Mr. Belk.

Chairman **Hoekstra.** So for later on in 1996, the process changed in that the legal department would no longer be reviewing the transfer from the general fund to the D.R.I.V.E. or to check the request that you were approving, is that correct - or you were asking to be approved?

Mr. **Mullenholz.** Yes, but it was in, I believe, June or July of 1997.

Chairman **Hoekstra.** I am going to ask you about a series of organizations that you may or may not recognize. I would like you to tell the subcommittee, if you recall and to the best of your knowledge, if any funds were provided to any of these organizations. If funds were provided, I would like to know when the funds were provided, if you knew how much was provided, roughly, the purpose for the funds, and if this was a typical amount and from which account the funds were taken - from the D.R.I.V.E. general fund, the D.R.I.V.E. education, or E&L fund, or the Teamsters general treasury.

Mr. **Mullenholz.** I will attempt to do that for you.

Chairman **Hoekstra.** What is that?

Mr. **Mullenholz.** I will attempt to do that. It has been a while, and I'm getting rusty.

Chairman **Hoekstra.** All right. And if there was a process for approving these checks or providing these checks that differed from the standard procedure within your office.

The first group is the November Group. Were funds provided?

Mr. **Mullenholz.** Yes, sir.

Chairman **Hoekstra.** Do you remember when?

Mr. **Mullenholz.** It seems to me, they were during the fall of 1996. And they came out of the E&L account.

Chairman **Hoekstra**. How about Project Vote?

Mr. **Mullenholz**. Yes, sir, we did. The money - I believe it came out of the E&L account.

Chairman **Hoekstra**. E&L account. Roughly how much or when?

Mr. **Mullenholz**. It was in the fall of '96. I want to say it was around $85,000, something around that neighborhood.

Chairman **Hoekstra**. Was this request different in any way?

Mr. **Mullenholz**. Yes, sir.

Chairman **Hoekstra**. The procedure?

Mr. **Mullenholz**. I was given that request and another by Mr. Hamilton himself. He asked me to rush them through. I prepared them as I normally did enter requests, and I walked them over to Mr. Belk's office for his approval, gave them to his secretary. She said that they would be taken care of. I left. A day or so later, Mr. Hamilton's assistant asked me if I knew the whereabouts of the check, had the checks been issued. I told her I did not know. I told her I would check on it. I started with the accounting department, worked my way back. As I made each phone call, no one seemed to have even seen the requests, and I eventually called Mr. Belk's office and it was indicated to me that Mr. Belk's secretary thought those requests had gone forth to Mr. Carey's office. I told Mr. Hamilton's assistant what I had learned, and I didn't hear anything more about it for a few days, and Mr. Hamilton came to me and told me that Mr. Belk had been sitting on the request, he didn't want to approve them. Mr. Belk's secretary later told me Mr. Hamilton had come over there and had a conversation, conversation with her and I guess Mr. Belk, about his unhappy feelings that the requests had been stymied.

Mr. Hamilton then told me he had gone to Mr. Carey directly and gotten his approval, and that I was to resubmit them to Mr. Belk, which I did. The checks were given back to me within a day or so. I gave them to Mr. Hamilton or his assistant for mailing.

Chairman **Hoekstra**. Was Mr. Carey's signature on the approval?

Mr. **Mullenholz**. I did not see his approval on that at that time.

Chairman **Hoekstra**. How about Access Enterprises?

Mr. **Mullenholz**. Access Enterprises, we made a large payment in the hundreds of thousands of dollars. I can't remember exactly how much. This was an invoice, in fact there may have been two payments made that totaled up to 100, $200,000, for hats, possibly T-shirts or bumper stickers that this company had produced for, I would assume, D.R.I.V.E. at the time of the general election in '96. I was not involved in the ordering of this material and was only made aware of it when I was given the invoices to prepare for payment. I did see some of the material - I got curious, because I had always handled PAC orders for the PAC in the past and I was curious as to what type of hats these were, and I went down to the shipping department where they were stored and did see the hats, and possibly some bumper stickers. I can't remember, but I do remember the hats. They had stars and stripes, very patriotic themes on them. I do remember that they were cheaply made, and when I did see the invoice, it surprised me that it was so high because the material I had seen didn't seem to be worth that amount of money.

Chairman **Hoekstra**. So you got a cheap hat but not necessarily cheap prices?

Mr. **Mullenholz**. Correct.

Chairman **Hoekstra**. Do you know which account those funds were taken out of?

Mr. **Mullenholz**. I think it was the general treasury fund, but I'm not certain.

Chairman **Hoekstra**. How about the National Council of Senior Citizens?

Mr. **Mullenholz**. Yes, sir, that was the other request that Mr. Hamilton had given to me that I just spoke of, along with, was it Project Vote, I believe he said. Two of them were together, and we went through that whole process.

Chairman **Hoekstra**. The process you are describing is Mr. Belk, Mr. Belk is sitting on them, Mr. Hamilton coming back to you and perhaps Mr. Hamilton intervening with Mr. Carey or getting Mr. Carey to intervene?

Mr. **Mullenholz**. The one I just described.

Chairman **Hoekstra**. How about the New Party?

Mr. **Mullenholz**. The New Party, I was given a request by Mr. Hamilton in the early part of 1997, I want to say it was in February. It was a request for $25,000 to be made payable to the New Party. I took the paper that he gave me and submitted it for approval in the normal manner. Mr. Belk - it was on a sheet with a number of others. A day or so later, I received a call from the D.R.I.V.E. accounting department and I was told that that particular request had been struck from the group by Mr. Belk. I asked the supervisor of that department to return the backup to me with a photostat of the cover sheet that had Mr. Belk's note on it, and I don't recall what he said in his note. When I got it, I gave it to Mr. Hamilton. I heard nothing from him - from Mr. Hamilton for a while, maybe a week or so, perhaps even a little bit longer. But he then later gave me another request in the form of a memorandum from himself to Mr. Carey, requesting a $5,000 payment to the New Party, stating that the New Party was an alternative political party that he felt we should contribute to. He had already given it to Mr. Carey. Mr. Carey had initialed the memorandum to approve it. I took the memorandum and processed it in the normal way.

Mr. Hamilton at the time directed that when I received the check I should send it to Mr. Gerald Zero at Teamsters Local Union 705 in Chicago. Because the only documentation I had at that point was the memorandum and contained no address for the New Party, I called Local Union 705 and spoke to Mr. Zero's personal secretary. She wasn't - when I told her what I needed; that is, the address of the New Party, she did not seem to be very familiar with what I was talking about, but assured me that she would check into it and get back to me, which she did the following day. She, at that time, provided me with the address for the New Party, which I needed for our records. I attached all that information and sent it over to - through the normal channels after it had been approved again by Mr. Hamilton. When I received the check, I verified with Mr. Hamilton he wanted me to send it to Local Union 705. He indicated that is where it was to go and that is where I sent it.

Chairman **Hoekstra**. The New Party is located where, where was the address you received?

Mr. **Mullenholz**. I believe it was Milwaukee, Wisconsin.

Chairman **Hoekstra**. You went through Chicago?

Mr. **Mullenholz**. Yes, sir.

Chairman **Hoekstra**. The - we are going to go through and ask some additional questions. Just one question. Does the - do the Teamsters retain or keep pretty detailed - you are talking about some pretty sizable funds that have been distributed to the different groups. Are there detailed contractual agreements outlining, you know, what these dollars are going to be used for, whether it was telemarketing or contracts and where would those types of documents usually be found?

Mr. **Mullenholz**. Mr. Chairman, all the supporting documentation for any request, whether it was for a Federal, state, local candidate, organization, all of the backup material was kept in the accounting department at the Teamsters headquarters for a period of time. It was later, I guess, moved to another storage site, but for purposes of FEC reporting that information had to be on hand for a minimum of 3 years by Federal law, and by internal rules I believe it was 7 years. So that material should be on file either at the Teamsters headquarters or at some other storage facility which they have access to.

Chairman **Hoekstra**. My 30 minutes being up, I will yield to Mrs. Mink.

Mrs. **Mink**. I thank you, Mr. Chairman. The extraordinary procedure we are following today is because we did not have the benefit of a prepared statement and you indicated that you came under subpoena, you didn't feel that you wanted to present anything and you were here to answer questions, so understanding that, we divided up the time rate to the 30 minutes and I will have 30 minutes. Following that I believe we will have 5 minutes for the Members to also make their presentations.

The Chair has propounded a number of questions dealing with these various organizations and asked you about how much, when, and what the purposes were for these checks being authorized through your process, and whether they came out of the D.R.I.V.E. money or Education and Legislative money fund, or whether it came from the general treasury. I think it would be important at this point to ask what was your capacity in that D.R.I.V.E. office, who did you supervise, and how did it become part of your responsibility to know about this flow of paper.

Mr. **Mullenholz**. For the first 10 years of my time with the Political Action Committee, I was a supervisor. I supervised the staff of up to 18 people that dealt with the incoming receipts from our members of the Political Action Committee, and the outgoing receipts to candidates and organizations. I reported to the director of D.R.I.V.E, that for the first 10 years there were two. When Mr. Hamilton - excuse me, I am getting ahead of myself. In 1994, my staff was moved to the Teamsters accounting department, leaving myself, one secretary, one reports clerk and receptionist.

Mrs. **Mink.** So what were your new responsibilities when your staff was moved over to accounting?

Mr. **Mullenholz.** I spent a lot of time learning different programs on the computer. I didn't have a lot of responsibilities at that time. Toward the end of 1994, I became more involved with handling the requests from our Teamsters local unions as they came in, getting approval from them, from the interim director, who was a consultant, and then forwarding them to the accounting department for check processing.

Mrs. **Mink.** Were you involved in any of the policy determinations as to whose paper would be processed for how much?

Mr. **Mullenholz.** No, ma'am.

Mrs. **Mink.** It was a more or less clerical function that you performed in this office?

Mr. **Mullenholz.** Yes, ma'am.

Mrs. **Mink.** You testified on one or two questions that you believe the money came from the general treasury, I believe you said that you thought the Share Group was general treasury, and also the Access Enterprises, and several others?

Mr. **Mullenholz.** Yes, ma'am.

Mrs. **Mink.** How would it come to your knowledge, since you were in the D.R.I.V.E. office, who paid for these particular items? How would it come to your knowledge, not that you know now or whatever, but how would it normally come to your knowledge which fund paid for a particular activity?

Mr. **Mullenholz.** Mr. Hamilton indicated to me which accounts the payments were to be made from.

Mrs. **Mink.** So even though you worked in the D.R.I.V.E. office, you would indicate on your paperwork that the funds should come out of the general treasury?

Mr. **Mullenholz.** Yes, ma'am, and a number of times when they - when these requests would get as far as Mr. Belk, Mr. Belk would send them back to us and indicate to Mr. Hamilton they should be paid out of D.R.I.V.E.

Mrs. **Mink.** Mr. Belk operated in what capacity?

Mr. **Mullenholz.** Mr. Belk was, I guess he still is, an executive assistant to the general president.

Mrs. **Mink.** Does he operate in the function of a general counsel, to look at the legality?

Mr. **Mullenholz.** Not that I am aware of.

Mrs. **Mink.** Simply on the policy issues?

Mr. **Mullenholz.** Yes, ma'am.

Mrs. **Mink.** So in all these activities you have been questioned thus far, the November Group and Share, Citizens, and so forth, did it occur to you at any time when you were processing the papers that any of these requisitions for payment were illegal, unlawful or inappropriate?

Mr. **Mullenholz.** Not illegal or inappropriate, just unusual.

Mrs. **Mink.** Unusual.

Mr. **Mullenholz.** Yes, ma'am, because of the amounts.

Mrs. **Mink.** Now in all of these accounts that you have testified to so far, were these the subjects of the investigation that you were called for by the FBI?

Mr. **Mullenholz.** Yes, ma'am.

Mrs. **Mink.** Is it in the nature of what funds they came from or the issuance of the amounts?

Mr. **Mullenholz.** It was a combination.

Mrs. **Mink.** A combination of the two.

Mr. **Mullenholz.** The accounts, the amounts involved.

Mrs. **Mink.** To your knowledge, has the FBI pursued any of these areas to which you were called for testimony?

Mr. **Mullenholz.** I am not privy to the information,

ma'am.

Mrs. **Mink.** You were also subpoenaed before the grand jury, is that correct?

Mr. **Mullenholz.** Yes.

Mrs. **Mink.** And was the purpose of that subpoena also information relative to these various accounts?

Mr. **Mullenholz.** That was my understanding.

Mrs. **Mink.** But they have never proceeded to a grand jury hearing?

Mr. **Mullenholz.** No, ma'am.

Mrs. **Mink.** On any of your testimony?

Mr. **Mullenholz.** No, ma'am.

Mrs. **Mink.** Now the funding that is referred to sometimes as contributions, for instance, the November Group, some of the references to that said that that was a contribution. Was that not simply payment of an invoice for services rendered?

Mr. **Mullenholz.** For the November Group that was indicated on the invoices, but that is basically all that was indicated. There was no description that I recall of any services or the nature thereof.

Mrs. **Mink.** So you are not aware of any particular incident following that payment of consultant fees to the November Group?

Mr. **Mullenholz.** No, ma'am.

Mrs. **Mink.** Now in the case of the Share Group, you also testified that that was a payment for an invoice for telemarketing. Was there anything unusual about an invoice for telemarketing services rendered to the Teamsters?

Mr. **Mullenholz.** No, ma'am.

Mrs. **Mink.** The Citizens Action is a contribution, a charitable contribution, or however you might describe that, and you indicated that there had been other contributions to the Citizens Action previously?

Mr. **Mullenholz.** Yes.

Mrs. **Mink.** But that the reason that this kind of brought your concern was the amount of the contribution?

Mr. **Mullenholz.** That and the fact that at the time this contribution was done, the PAC was running out of money to the extent that Mr. Hamilton's security loan for $300,000 from Crestar Bank. We also were turning down requests from Teamster local unions and joint councils for candidates and in their areas, throughout the country, because there was no money, and the fact that we were making such a huge payment to this organization, Citizens Action, just kind of surprised me.

Mrs. **Mink**. So where did the money come from, then, if there was no money in the PAC fund?

Mr. **Mullenholz**. There was money, we were just running low on it, plus Mr. Hamilton secured a $300,000 loan. Plus - I'm sorry, plus, there are daily receipts that come into the PAC.

Mrs. **Mink**. Now the contribution to AFSCME, is that typical that the Teamsters would make contributions to other unions or is there something unusual about this contribution?

Mr. **Mullenholz**. Well, it was unusual in that, no, we didn't normally make contributions to other labor unions.

Mrs. **Mink**. Could this possibly have been a joint endeavor between the two unions for whatever purposes that they had agreed to?

Mr. **Mullenholz**. I have no knowledge.

Mrs. **Mink**. Nothing indicated on the paperwork?

Mr. **Mullenholz**. There could be, but I don't recall at the time seeing any other purpose other than I was directed by Mr. Hamilton to initiate a payment of $100,000 to the union.

Mrs. **Mink**. Did the union make any other contributions to other unions during the period where you handled this program.

Mr. **Mullenholz**. They made a contribution to the political action committee of the AFL-CIO, COPE, which was in excess of $100,000.

Mrs. **Mink**. Was this unusual or is this a contribution that is made to the AFL-CIO by other unions?

Mr. **Mullenholz**. We, I believe, had made prior payments to COPE. The amount I don't know at this point. I don't think it was in the neighborhood of 100 or whatever, $100,000 or whatever it

was on this particular one.

Mrs. **Mink**. The last one that you testified so far has to do with Access Enterprises.

Mr. **Mullenholz**. Yes, ma'am.

Mrs. **Mink**. That was also an invoice for items that were purchased by the union.

Mr. **Mullenholz**. Yes, ma'am.

Mrs. **Mink**. Is that correct, so it is not a contribution but a payment of an invoice?

Mr. **Mullenholz**. It was an invoice for the hats and other material that had been provided by this company, yes.

Mrs. **Mink**. And did you regard that as inappropriate, illegal, unlawful?

Mr. **Mullenholz**. I just was, as I said earlier, was surprised by the amount involved, as compared to the quality of the material provided. It seemed somewhat exorbitant.

Mrs. **Mink**. I will yield 10 minutes to my colleague.

Mr. **Scott**. Thank you. I just want to follow up a little bit on the line of questioning. How many checks do you process in a given day or week? We have just listed a handful of checks. I mean, are these the only checks you wrote, are they part of dozens every hour?

Mr. **Mullenholz**. I wouldn't say dozens every hour. During the final days of the general election, it could be anywhere between ten and 40 a day, but most of those were to or from the regular D.R.I.V.E. account and were to individual candidates.

Mr. **Scott**. Well, you indicated you were not part of the decision making process as to who got a check and who didn't?

Mr. **Mullenholz**. That is correct, sir.

Mr. **Scott**. And where was the decision made.

Mr. **Mullenholz**. The decision was made by Mr. Hamilton, Mr. Belk's office, Mr. Carey's office, and sometimes input was received from the IBT's legal department. I even think there were times when the organizing department was involved in the - at least the decision making, but the actual approval was Mr. Hamilton, Mr. Belk and Mr. Carey's office.

Mr. **Scott**. And you would process the checks without knowing - the November Group is consulting. Do you know what the consulting was?

Mr. **Mullenholz**. No, sir, it was not indicated to me what the purpose of their consulting business was.

Mr. **Scott**. You don't know what they were consulting about?

Mr. **Mullenholz**. No, sir.

Mr. **Scott**. Do you know what the Share Group was making telephone calls about?

Mr. **Mullenholz**. No, sir, not at that time. No, I did not.

Mr. **Scott**. Do you know now?

Mr. **Mullenholz**. From reports in the newspapers, yes.

Mr. **Scott**. You indicated that the $475,000 was higher than usual. What is the usual amount that you would contribute to a group like Citizens Action.

Mr. **Mullenholz**. For Citizens Action, I recall that I reviewed a printout of contributions made by D.R.I.V.E. dating back to 1985. I looked at the entries for Citizens Action, and it was 15,

$20,000, maybe even less, nothing in the neighborhood of what we were doing at that time.

Mr. **Scott**. You indicated in response to questions that the chairman asked that people were asked to use vacation time to campaign on behalf of Mr. Carey.

Mr. **Mullenholz**. Yes, sir, that is what I said was indicated to me.

Mr. **Scott**. Were the people asked to campaign on union time?

Mr. **Mullenholz**. Not that I am aware of.

Mr. **Scott**. You indicated that - I am not sure I got it a specific answer. Was there a difference in the way candidates for president campaigned in 1981 and 1986; were those campaigns different from '91 and '96.

Mr. **Mullenholz**. Yes, sir. In the '80 elections, members to the Teamsters general executive board were elected by vote of delegates to the convention. These delegates had been elected by the members of the local union. The elections in the nineties, the members of the general executive board were elected by direct vote, I believe, yes.

Mr. **Scott**. And did you notice a difference in how the candidates would finance their campaigns?

Mr. **Mullenholz**. I didn't really pay attention to that. As I indicated before, I tried to stay out of internal politics, I had that philosophy from the time I started my employment in 1977, all the way through. I didn't support any candidate, I didn't have any special feelings for any candidates.

Mr. **Scott**. Was your support solicited for any candidate?

Mr. **Mullenholz**. Not directly, no.

Mr. **Scott**. Neither candidate asked for a contribution?

Mr. **Mullenholz**. Not from me, no, sir.

Mr. **Scott**. Did either of their campaigns solicit your support?

Mr. **Mullenholz**. No, sir.

Mr. **Scott**. We have heard from witnesses before, at least in the last election they were solicited. Do you know how and where campaigns got their money?

Mr. **Mullenholz**. I know that in the Teamster magazine, there were ads for paraphernalia, hats, T-shirts, that type of thing, that often in return for a contribution you could receive.

Mr. **Scott**. That is in the nineties?

Mr. **Mullenholz**. Yes, sir.

Mr. **Scott**. What about the eighties?

Mr. **Mullenholz**. No, sir, none of that existed in the 1980s or before.

Mr. **Scott**. Let me get back to the checks that were written. Did you ever see any - did I understand you to say you had seen hats and paraphernalia for which checks had been written? I guess, what is that, the Access Enterprise?

Mr. **Mullenholz**. Yes, sir.

Mr. **Scott**. What did $200,000 worth of hats look like?

Mr. **Mullenholz**. They were baseball style caps.

Mr. **Scott**. I mean in terms of size. I mean, these things only cost a couple dollars a piece, right?

Mr. **Mullenholz**. You would think. They were normal baseball cap size, style, but the material used was on the cheap side, shall we say.

Mr. **Scott**. Well, how many of them did you see?

Mr. **Mullenholz**. I just examined one box. I know there were multiple boxes down in the shipping

department.

Mr. **Scott**. I yield back.

Mrs. **Mink**. Thank you. I wanted to inquire on the basis of your termination. I have a letter here that is dated August 26th. I believe that is what you alluded to, you got a letter?

Mr. **Mullenholz**. Yes, ma'am.

Mrs. **Mink**. In it it says action is taken because of misconduct with respect to mishandling of IBT documents. Do you know what they were referring to?

Mr. **Mullenholz**. I have no idea.

Mrs. **Mink**. Your interference with a grand jury investigation?

Mr. **Mullenholz**. I assumed at the time, as I do today, they were referring to a document I faxed to my attorney at the time that they considered privileged. The reason I faxed it to my attorney is because I was requested to sign it. I wanted his legal advice as to whether or not I should sign it.

Mrs. **Mink**. Was that in connection with a subpoena that was issued to the Teamsters to produce certain documents?

Mr. **Mullenholz**. Yes, ma'am.

Mrs. **Mink**. Which was in your custody and you were asked to certify that you had made a due diligent search for those documents?

Mr. **Mullenholz**. I was asked in the statement that I was to sign, if I had signed it, I would have been stating I had given them all documents that had been in my possession, and I indicated to one of the IBT attorneys that I was reluctant to sign a statement because I couldn't be absolutely sure that I had given them everything, and that was for a number of reasons. Number one, I had lost material from a hard disk crash on my computer, all information between mid-November of 1996 and the beginning of January, 1997. Additionally, I couldn't be certain that the searches that I was performing on my hard disk had produced everything that they were looking for. I indicated that I had done it to the best of my knowledge. The attorney for the Teamsters said, well, that is all it says is you did it to the best of your knowledge. In fact, it did not state that. It stated I had given them everything and I refused to sign the document, and that is the point at which I indicated I had been in interviewed by the FBI.

Mrs. **Mink**. That is when you told the Teamsters that you had been interviewed already?

Mr. **Mullenholz**. Yes, ma'am.

Mrs. **Mink**. The documents you say you faxed over or sent to your attorney, what sort of documents were they that you gave to your attorney at that point?

Mr. **Mullenholz**. It was a 4-page document. The first two pages were memorandum to a Mrs. Barbara Caldwell, who was the assistant to Mr. Hamilton. The third page was an explanation - I'm sorry, the memorandum stated the IBT received a subpoena requesting all documents in her possession pertaining to contributions to the DNC and its affiliated chapters. The third page was an explanation of why this material, this 4-page document should not be released to anyone outside of our department or outside of the IBT headquarters, and the fourth page was, I believe, three or four statements where I was to indicate or whoever received the document was to indicate where the files had been found, who assisted in finding them, things of that nature. And then the final statement was the one I just spoke of where I was to sign, indicating I had provided all documentation.

Mrs. **Mink**. The expectation you would be able to produce these documents was on the assumption that you had custody, physical custody of these, or did it go beyond that, that you could obtain them because you knew where they were?

Mr. **Mullenholz**. I took it to mean any documents or files in my possession, that is paper or computer.

Mrs. **Mink**. In your possession?

Mr. **Mullenholz**. Yes, ma'am.

Mrs. **Mink**. So why was it not possible to comply with the subpoena if these were documents in your possession?

Mr. **Mullenholz**. I complied with it to the best of my ability. I provided the legal department of the Teamsters Union with everything that I could find in my computer. I knew I had nothing on paper until I printed them from my computer. But if you are familiar with a computer with a rather large disk drive and accompanying software, you are aware that documents do get buried on the hard disk, because in my case of abbreviations I had used for the word "Democrat" and I was performing my searches using the various abbreviations that I could think of, including - well, abbreviations and the entire word "Democrat" or "Democratic." But I couldn't be absolutely sure I had gotten everything.

Mrs. **Mink**. Now didn't the people who supervised you, and had something to do with setting policy, indicate at that point they wanted all personnel to cooperate with the investigation, with the Justice Department, with the grand jury and so forth?

Mr. **Mullenholz**. It was only indicated to me by two individuals from the Teamsters legal department that they had received a subpoena. It was not indicated from whom it had been received, and they were asking me to comply, which I did, to the best of my ability.

Mrs. **Mink**. You never saw the subpoena?

Mr. **Mullenholz**. No, ma'am.

Mrs. **Mink**. They never showed you the document?

Mr. **Mullenholz**. No, ma'am. As I stated, the memorandum was not addressed to me. As a matter of fact, when I found it on my desk, I attempted to give it to Mrs. Caldwell, who was the

Chairman **Hoekstra**. Do you know roughly how much?

Mr. **Mullenholz**. I would like - I think it was around a half-million dollars, but I could be wrong one way or the other slightly.

Chairman **Hoekstra**. And the purpose?

Mr. **Mullenholz**. Each request was a payment for services rendered; that is, consulting fees. There is not much on the invoices that I recall to indicate what services had been provided.

Chairman **Hoekstra**. Do the procedures used vary in any way or not, or anything unusual about the contributions?

Mr. **Mullenholz**. For the November group, no. Other than the money was coming out of the E&L account, that was a bit unusual, and that the administrative costs for consulting services, that type of service was generally paid out of either the regular D.R.I.V.E. account or the general treasury fund, so.

Chairman **Hoekstra**. Payments perhaps of this size, for those types of services coming out of the E&L fund is what might have been unusual, is that correct?

Mr. **Mullenholz**. Yes, sir.

Chairman **Hoekstra**. How about the Share Group, were funds provided?

Mr. **Mullenholz**. Yes, sir, I believe, if I recall correctly, that there were two checks issued to the Share Group, and I believe they came out of the general treasury.

Chairman **Hoekstra**. For roughly?

Mr. **Mullenholz**. I think combined it was around $100,000 - no, I'm sorry, it was more than that. Probably closer to $200,000.

Chairman **Hoekstra**. And what was the purpose of these funds, do you remember?

Mr. **Mullenholz**. It was indicated to me they were a telemarketing firm that had done business for the International.

Chairman **Hoekstra**. Anything unusual about that, sir?

Mr. **Mullenholz**. No. I mean, probably during '95, '96, we were doing business with a lot of organizations that I had never heard of that were providing computer services, telemarketing services, to the International. I was unaware of any of these until the invoices were given to me for payment.

Chairman **Hoekstra**. So the - so a cost of $95,000 for a telemarketing invoice was not odd or unusual?

Mr. **Mullenholz**. No, I can't say that it was because, as I said, there was an increasing number of payments going out to companies such as this.

Chairman **Hoekstra**. Did you ever have any reason to believe this might have been inflated?

Mr. **Mullenholz**. I'm sorry?

Chairman **Hoekstra**. Did you have any reason to believe this ever might have been an inflated invoice?

Mr. **Mullenholz**. Not the particular one.

Chairman **Hoekstra**. How about Citizens Action, were funds provided?

Mr. **Mullenholz**. Yes, sir, I believe they came out of the - I want to say the E&L account. Again, I am rusty. The amount was, I believe, $475,000, which at the time kind of shocked me because of the amount, and I remember that I checked in a printout that I had of all D.R.I.V.E contributions dating back to 1985 and I believe the most we had ever given Citizens Action in

one check was maybe 15, $20,000, if it was that much.

Chairman **Hoekstra**. So this was - it just caught your attention, you were familiar with the organization, familiar the Teamsters had given to this organization in the past, but this time the number was significantly larger than anything you had ever done in the past?

Mr. **Mullenholz**. Yes, sir.

Chairman **Hoekstra**. How about a Campaign for a Responsible Congress?

Mr. **Mullenholz**. I recall we contributed money to them. It may have been the E&L account. I don't remember the exact amount or the time.'

Chairman **Hoekstra**. I missed the question on Citizens Action. Was the procedure any different on Citizens Action?

Mr. **Mullenholz**. I can't remember, to tell you the truth.

Chairman **Hoekstra**. Was this signed off by Mr. Carey?

Mr. **Mullenholz**. I don't recall.

Chairman **Hoekstra**. You don't recall?

Mr. **Mullenholz**. No, sir.

Chairman **Hoekstra**. Campaign for Responsible Congress, were funds provided?

Mr. **Mullenholz**. Yes, I remember that we did make a contribution. Again, it has been a while and I don't remember the exact amounts or when.

Chairman **Hoekstra**. And what were the purposes of the funds for the Campaign for Responsible Congress?

Mr. **Mullenholz**. I have no idea.

Chairman **Hoekstra**. Do you have ideas as to what account they may come out of?

Mr. **Mullenholz**. I think it was the E&L account.

Chairman **Hoekstra**. Procedure consistent or was it any different for this forum?

Mr. **Mullenholz**. I think it was consistent.

Chairman **Hoekstra**. Okay.

Chairman **Hoekstra**. Excuse me. How about AFSCME? Were funds provided to AFSCME?

Mr. **Mullenholz**. Yes, sir. I believe it was $100,000 that was drawn, I think on the E&L account. I don't know the purpose of the contribution, other than I believe I listed it as a miscellaneous contribution. The reason I remember that is because I saw the canceled check, which was unusual. Most of the time the canceled checks on the D.R.I.V.E accounts go directly to the IBT's accounting department. They were errantly routed to me, and I just happened to go through them one day and I recall that check being in there and that it was canceled.

Chairman **Hoekstra**. You would have seen the original request though, correct or not?

Mr. **Mullenholz**. Yes.

Chairman **Hoekstra**. AFL-CIO?

Mr. **Mullenholz**. I know we made a contribution to their PAC, COPE, I believe it was over $100,000, and I think it was out of the E&L account.

office manager of the government affairs department. She wanted nothing to do with it and returned it to me.

Mrs. **Mink.** Were any other documents in your possession turned over to anyone other than the Department of Justice, or the grand jury or any other election official?

Mr. **Mullenholz.** I forwarded documents that I was suspicious of to my attorney.

Mrs. **Mink.** Which of the documents were you suspicious of that you turned over to yours attorneys.

Mr. **Mullenholz.** Ones we had discussed to the various organizations that came out of the E&L account or the general treasury account, with the idea they would be presented to the Federal authorities.

Mrs. **Mink.** So weren't they all in fact turned over to the Justice Department or the grand jury, all of these documents?

Mr. **Mullenholz.** To the best of my knowledge.

Mrs. **Mink.** All the groups you testified to thus far today, all of those cover sheets that you were responsible for preparing have been turned over to the Justice Department?

Mr. **Mullenholz.** I gave Agent Joseph Phelan copies of everything I had at that time, yes, ma'am, plus a printout of various contributions that had been made by Teamsters PAC from 1985 through early 1997.

Mrs. **Mink.** Who was this attorney that you turned over the material to?

Mr. **Mullenholz.** Robert Baptiste.

Mrs. **Mink.** Could you identify Robert Baptiste?

Baptbstl

Mr. **Mullenholz.** He is a partner in the local law firm here in Washington of Baptiste & Wilder.

Mrs. **Mink.** Does that attorney have any association with Mr. Hoffa?

Mr. **Mullenholz.** Yes, ma'am.

Mrs. **Mink.** In what capacity?

Mr. **Mullenholz.** I believe the law firm represents Mr. Hoffa's campaign.

Mrs. **Mink.** Why would you, wanting to assert your independence and noninvolvement in anything internal, why would you turn over these documents to an attorney that you knew represented the Hoffa campaign?

Mr. **Mullenholz.** Mr. Baptiste at one time had been the general counsel of the International Brotherhood of Teamsters. In addition, his family and mine go back a number of years. I knew him quite well. I knew that he was a labor lawyer and I felt that he could give me the proper advice.

Mrs. **Mink.** And what was that advice?

Mr. **Treanor.** May I object to the question, with all due respect. Mrs. Mink, I don't think it's appropriate for my client to be asked what advice he received from his attorney.

Mrs. **Mink.** All right. I withdraw the question.

What did you do following turning these documents over to the attorneys for Mr. Hoffa? Do you know whether those documents are now in the possession of the Department of Justice or the grand jury or the elections officer or anyone pursuing the propriety of these accounts?

Mr. **Mullenholz.** It was indicated to me that these documents would be given to the Federal Bureau of Investigation, which they were when I was contacted by Agent Phelan.

Mrs. **Mink**. So that is why you were called by the FBI?

Mr. **Mullenholz**. Yes, ma'am.

Mrs. **Mink**. All right. I will relinquish my time, yield back the balance of my time.

Chairman **Hoekstra**. Thank you. Mr. Norwood is recognized.

Mr. **Norwood**. Thank you very much, Mr. Chairman. Mr. Mullenholz, thank you for being here today. I am sure the last few months have been trying for you and I hope sincerely that nothing else we do today will add to any more stress or discomfort. Your job was PAC supervisor?

Mr. **Mullenholz**. Yes, sir.

Mr. **Norwood**. And as I heard you speak today, it seems to me you were the person that any request for contributions came to first.

Mr. **Mullenholz**. Yes, sir.

Mr. **Norwood**. You kicked that up to sort of a board of directors, meaning the president above you?

Mr. **Mullenholz**. It went from me, the ones that I received, went from me to Mr. Hamilton, who was my supervisor, my boss.

Mr. **Norwood**. And there, the determination was made on if it would be paid, how much would be paid and from what fund it would be paid?

Mr. **Mullenholz**. Yes, sir.

Mr. **Norwood**. Which sort of was a little different than just being in charge of the PAC, I mean, you were dealing with general treasury funds and you were dealing with E&L funds?

Mr. **Mullenholz**. Yes, sir.

Mr. **Norwood**. Tell me if you have ever lobbied on the Hill.

Mr. **Mullenholz**. I have never lobbied on the Hill.

Mr. **Norwood**. So you have never been involved in that?

Mr. **Mullenholz**. No, sir, the closest I have ever been to the Hill is I was booted out of here a number of times in high school.

Mr. **Norwood**. You were very aware, however, of the top priority of the Teamsters leadership to make sure that the taxpayers tried to pay for this election?

Mr. **Mullenholz**. Yes, sir, I am now.

Mr. **Norwood**. Were you at the time?

Mr. **Mullenholz**. Not really. Again, I didn't concern myself with politics, the internal politics.

Mr. **Norwood**. Other than letters going out to different Members of Congress requesting their support in this, do you know of people in your organization that actually came to the Hill to lobby for this?

Mr. **Mullenholz**. I am assuming our lobbyist did, but I don't have any direct knowledge of that, sir.

Mr. **Norwood**. So even as aware as you were of the priority of that, you simply didn't know who was working it or how it was going?

Mr. **Mullenholz**. Correct.

Mr. **Norwood**. Why do you suppose that was so important?

Mr. **Mullenholz**. My opinion?

Mr. **Norwood**. Yes, sir.

Mr. **Mullenholz**. My opinion was that Mr. Carey's campaign needed this funding to ensure their reelection.

Mr. **Norwood**. Needed the taxpayers to pay for the election versus the Teamsters paying for the election?

Mr. **Mullenholz**. Yes, sir, because the Teamsters were constantly indicating that they were running out of money, almost from the start of it.

Mr. **Norwood**. It would have been paid, though, from the general fund, which really shouldn't have had anything to do with Mr. Carey's campaign, would it?

Mr. **Mullenholz**. It is not supposed to, no, sir.

Mr. **Norwood**. One other quick question.

The New Party, I don't know much about them. I don't know anybody who really does, but I found it very interesting that you sent them money in February of '97, after all of the congressional races, after the presidential election, after the Carey-Hoffa race. Did that strike you as rather different or unusual?

Mr. **Mullenholz**. Not really, because the business of the Teamsters PAC, which I am sure is like many other political action committees, doesn't stop on election day. It tones down dramatically but nevertheless continues, so to receive a request for an organization, such as the New Party, no, it was not unusual.

Mr. **Norwood**. Let me follow up on the chairman's questions as he was asking you about different groups, and to the best of your recollection, and if you will answer these questions.

Let's go to the DNC. Were funds provided for them?

Mr. **Mullenholz**. Yes, they were.

Mr. **Norwood**. Could you tell us when that occurred?

Mr. **Mullenholz**. We made a $15,000 payment to the DNC from the D.R.I.V.E. accounts, regular D.R.I.V.E. account, sometime during 1996, early on I believe it was, spring, summer. Additional payments were made to the Democratic Party or affiliated chapters, state chapters, from the E&L account, at times later in that same year, in 1996.

Mr. **Norwood**. At that time, were you at all aware of any quid pro quo of money swapping being contemplated between the Teamsters and the DNC?

Mr. **Mullenholz**. No, sir.

Mr. **Norwood**. Are you aware of a possible $100,000 donation that was eventually denied because it came from a foreign donor or employer?

Mr. **Mullenholz**. I was not at the time. I am now because of the reports in the newspapers.

Mr. **Norwood**. And if we could, let's go to the Clinton-Gore campaign. Were funds provided for them?

Mr. **Mullenholz**. I never saw a request, nor did I ever process one that was made payable to the Clinton-Gore campaign.

Mr. **Norwood**. So to your knowledge, there were no funds made to them?

Mr. **Mullenholz**. If it was called the Clinton-Gore Campaign, no, we did not. I don't remember what the name of -

Mr. **Norwood**. Were funds made to President Clinton or Bill Clinton for President?

Mr. **Mullenholz**. No, sir. Now we did make contributions to a number of local unions for events where the President or Vice President was to appear at a rally. I remember there was one in Minneapolis, and there were a number of others throughout the country.

Mr. **Norwood**. Were those paid out of the PAC?

Mr. **Mullenholz**. I believe they were paid out of the PAC. I don't remember - it seems like it was the same organization that received the money like Victory '96. It had '96 in it, Vote '96, Victory '96, something along those lines.

Mr. **Norwood**. This was a normal procedure?

Mr. **Mullenholz**. Well, during an election cycle, other than contributions to Federal candidates, nothing is really normal.

Mr. **Norwood**. That is true.

Mr. **Mullenholz**. I don't know, it is hard for me to say.

Chairman **Hoekstra**. The gentleman's time has expired. Mr. Scott.

Mr. **Scott**. Thank you, Mr. Chairman. You didn't know at the time - well, I won't ask what you knew at the time. The election officials have determined some of these donations were part of schemes that benefited the Carey campaign. What could we have done legislatively to have prevented that from happening.

Mr. **Mullenholz**. In my opinion, there should have been more regulation over soft money; that is, accounts such as the E&L or Federal oversight into them.

Mr. **Scott**. Is there any way that a supervisor could have known in advance of the arrangements in this scheme in advance?

Mr. **Mullenholz**. Myself?

Mr. **Scott**. yes.

Mr. **Mullenholz**. Only if I had been included in the initial discussions or any discussions, which I was not. This came from -

Mr. **Scott**. So if a supervisor had been doing as good a job as possible, the checks still would have been written?

Mr. **Mullenholz**. Somebody in my position, yes, sir. My position had no authority to approve or deny any request. When I spoke to officers of local unions when they would call requesting money, I would tell them it had to be submitted in writing and that I did not have the authority to approve their requests, this had to come from Mr. Hamilton.

Mr. **Scott**. Did you ask questions about some of the checks that looked suspicious, particularly one that was significantly larger than checks that had been written to that organization before and particularly in light of the fact that as you have indicated, the fund was essentially broke?

Mr. **Mullenholz**. No, sir, I did not.

Mr. **Scott**. You didn't ask any questions?

Mr. **Mullenholz**. No, I did not. I don't think I would ever have received an answer had I.

Mr. **Scott**. I yield back the balance of my time.

Chairman **Hoekstra**. Mr. Hilleary is recognized.

Mr. **Hilleary**. Thank you, Mr. Chairman. It is a little more monotonous, but we need to go down several organizations just to knock this out and to get it on the record. Before I went to the next one, I want to visit the Clinton-Gore campaign just a second, and get you to restate, because I didn't quite understand what you were saying there. To your knowledge, did any of the funds

that you had knowledge of, in addition to the PAC, did any of them give any money to funds to either the Clinton-Gore campaign or some subsidiary thereof, statewide campaign organization that was for Clinton-Gore, et cetera?

Mr. **Mullenholz.** Not that I am aware of.

Mr. **Hilleary.** Okay. Are you familiar with a group called Campaign to Reward Work?

Mr. **Mullenholz.** Yes, sir, I remember the name.

Mr. **Hilleary.** Were funds provided to them?

Mr. **Mullenholz.** Yes, sir. I don't recall the amounts. I believe it was the E&L account, and I am uncertain of the time frame.

Mr. **Hilleary.** Was that a normal procedure used there or did anything strike you funny with those?

Mr. **Mullenholz.** Can you repeat that?

Mr. **Hilleary.** Were the procedures used there normal; did they vary in any way from the procedure used for the other groups?

Mr. **Mullenholz.** As best I can recall, yes, it was normal.

Mr. **Hilleary.** Are you familiar with the Peter D. Hart Research Associates?

Mr. **Mullenholz.** Yes. Yes, sir.

Mr. **Hilleary.** Did you provide funds to them?

Mr. **Mullenholz.** We did make a payment to them. I think it was out of the E&L account. The purpose, it was some kind of invoice, I don't recall what it was for, specifically.

Mr. **Hilleary.** Do you remember when it was or how much was provided?

Mr. **Mullenholz.** I don't remember the amount, but I think it was in the summer, fall, 1996.

Mr. **Hilleary.** Did you have any recollection as to what the purpose of these funds were for?

Mr. **Mullenholz.** No, the only thing that I was aware that this organization, company, had done, was a survey earlier in 1996 that dealt with the oncoming Teamster election. I saw a copy of it in the Government Affairs office that was being mailed to individuals. I don't recall who. I did peruse it, it was sitting on a table. It seemed to me that this survey, which was a series of questions, was heavily weighted in favor of Mr. Carey, and against Mr. Hoffa's campaign.

Mr. **Hilleary.** There were questions that smeared one candidate over the other.

Mr. **Mullenholz.** Yes, sir.

Mr. **Hilleary.** Okay. Are you familiar with the Southwest Voter Registration Group?

Mr. **Mullenholz.** Yes, sir, I am.

Mr. **Hilleary.** Did you provide them funds?

Mr. **Mullenholz.** Yes, we did.

Mr. **Hilleary.** Do you remember when and how much?

Mr. **Mullenholz.** I think it was in the fall of '96, I believe it was out of the E&L account. I don't remember the exact amount, I want to say it was in the neighborhood of $100,000. I could be wrong. I sent the check to an International vice president in San Antonio, Texas, for distribution, presentation, whatever, to the Southwest Voter Project. I don't know if that individual, the

International vice president was the one who had initiated the request or if this had been initiated by Mr. Hamilton and merely sent to the International vice president.

Mr. **Hilleary**. And the purpose as far as you know was for voter registration?

Mr. **Mullenholz**. Yes, sir.

Mr. **Hilleary**. Any of the groups I mentioned, did you notice anything unusual with the procedures that were used, that you used to send the funds to any of these groups?

Mr. **Mullenholz**. Other than the ones I discussed earlier, the National Council of Senior Citizens, Project Voter or Vote '96, whichever one it was, the New Party, most of them just followed the normal routine. There were occasions when Mr. Hamilton directed the check would come back to him or his assistant, Mrs. Caldwell, rather than having them mailed out or shipped out via UPS.

Mr. **Hilleary**. Okay. Thank you very much.

Chairman **Hoekstra**. Mr. Ballenger.

Mr. **Ballenger**. A couple more and we are through as far as that is concerned. What about "Get Out To Vote," GOTV?

Mr. **Mullenholz**. That was a term that was used, it was sort of a catchall phrase. When contributions were made to a number of organizations, that was indicated to me that I was to list it as such, as a "Get Out To Vote" effort.

Mr. **Ballenger**. How much money involved?

Mr. **Mullenholz**. It depended on the organization.

Mr. **Ballenger**. So there were a whole bunch of different organizations that were included in that one bracket?

Mr. **Mullenholz**. Yes, sir.

Mr. **Ballenger**. What about Vote '96?

Mr. **Mullenholz**. We made contributions to them. I have no idea what they are, who they are.

Mr. **Ballenger**. What about Social Venture Network?

Mr. **Mullenholz**. That one I don't recall.

Mr. **Ballenger**. DLCC.

Mr. **Mullenholz**. It was my understanding that that stood for Democratic Legislative Campaign Committee. This was a number of contributions that I initiated the paperwork under the direction of Mr. Hamilton.

Mr. **Ballenger**. What about State Democratic parties?

Mr. **Mullenholz**. I received a memorandum from Mr. Hamilton, which actually was originated elsewhere. Mr. Hamilton had made a notation on there to have checks cut and the amounts indicated for each state party. Generally, they were $5,000, except for two states, I believe one was New York, and I can't recall the other. There may have even been three. There was one or two for lesser amounts than $5,000. These were all done under one cover sheet with succeeding pages and it was indicated to me by Mr. Hamilton that it had to be done as quickly as possible.

Mr. **Ballenger**. What particular time for that?

Mr. **Mullenholz**. The time frame for this?

Mr. **Ballenger**. Yes.

Mr. **Mullenholz.** I believe it was in the summer of 1996.

Mr. **Ballenger.** I have a strange one here. Austin Sheinkopf.

Mr. **Mullenholz.** Austin Sheinkopf we made a payment to, possibly two, in the summer or the fall of 1996. The purpose was for radio and/or TV advertisements for Federal candidates. I was never made aware of which candidates. It was not indicated on the back.

There was a note from Mr. Hamilton indicating how the payment to Austin Sheinkopf should be made. I didn't think anything unusual about it at the time.

Shortly before my suspension from the Teamsters, I received a communication from the supervisor of the D.R.I.V.E. accounting department. She wanted to know if I knew where the backup documentation for that particular - or those particular contributions were. I indicated to her that they should be in the accounting department files. The reason she wanted to know was because the FEC wanted clarification on which candidates the spots had been done for. She thought it was very unusual, and I concurred, that there was no documentation in the files.

Mr. **Ballenger.** Other than noted above, are there any contributions from the Teamsters D.R.I.V.E. office that caused you concern in terms of the amount of the contribution or the propriety of the contribution?

Mr. **Mullenholz.** Other than the ones I have already spoken of, nothing comes to mind. I'm sure there were. The November Group payments always bothered me because the number of checks that were issued and the amounts; the Citizens Action because of the large amount and the circumstance of the D.R.I.V.E. fund at the time.

Mr. **Ballenger.** Let me ask you a question, because you were in charge of the bookkeeping and so forth, and the campaign was being paid for by taxpayers' money, which meant that, I guess, the general account of the Teamsters would have paid for that campaign, unless I am mistaken.

Mr. **Mullenholz.** The general treasury fund?

Mr. **Ballenger.** Yes. If you had to pay for the election out of Teamster funds, would it not have come out of the general election account, except for - you know, each individual were to campaign, but somebody has to pay for the ballots and all the - in any campaign there are nonpolitical things that have to be done.

Mr. **Mullenholz.** Right. Now, you are speaking -

Mr. **Ballenger.** Our Federal Government was paying for $17 million worth of it -

Mr. **Mullenholz.** Right.

Mr. **Ballenger.** - would it not? Therefore, somewhere the Teamster accounts of one or another, I don't know which one, would they not have had additional money that would, if fungible, would it not have given them additional money, because they didn't have to spend it?

Mr. **Mullenholz.** I can't say with any certainty, Mr. Ballenger. I don't know.

Mr. **Ballenger.** It didn't show one of the accounts was getting more money than you would have expected?

Mr. **Mullenholz.** The D.R.I.V.E. accounts, yes. The D.R.I.V.E. E&L, historically we kept very little money in that, at the most $15- or $20,000, prior to Mr. Hamilton's tenure as director of the PAC. During 1996, large amounts were transferred into that account from the regular D.R.I.V.E. account, which was very unusual. That account, the E&L account, was rarely used.

Mr. **Ballenger.** And the E&L account is where you said most of this money came out of, right?

Mr. **Mullenholz.** Yes, sir, and that money in turn came out of the general, came out of the regular D.R.I.V.E. account. Of course, none of this money was reported - or activity, I should say, was reported to the Federal Election Commission or any other government committee.

Mr. **Ballenger.** Right.

Mr. Chairman, I yield back the balance of my time.

Chairman **Hoekstra.** Out of the D.R.I.V.E. accounts, do you have an estimate of what the total contributions were in '95, '96 and '97, each year, or not?

Mr. **Mullenholz**. Out of the regular D.R.I.V.E. account?

Chairman **Hoekstra**. Yes.

Mr. **Mullenholz**. I think it was around $8 or $9 million.

Chairman **Hoekstra**. Annually or total?

Mr. **Mullenholz**. Total. Possibly a little bit more than that.

Chairman **Hoekstra**. Did you ever possess or did you see a list of local Teamster unions that appeared to be on some sort of enemies list?

Mr. **Mullenholz**. I had in my possession, up until the time that I was suspended, a list that had been given to me a year or two before by another individual at the IBT headquarters that listed locals that were considered unfriendly to Mr. Carey.

Chairman **Hoekstra**. Any correlation between these, quote-unquote, unfriendly locals and locals that ended up in trusteeship?

Mr. **Mullenholz**. Yes, sir, there was.

Chairman **Hoekstra**. You mean they did end up in trusteeship?

Mr. **Mullenholz**. There were a number on that list that did end up in trusteeship. One was, I believe, local 745 in Dallas, Texas.

Chairman **Hoekstra**. Do you still have a copy of this list?

Mr. **Mullenholz**. No, sir.

On July 28, following a meeting with two attorneys and two individuals from the IBT's accounting department and the director of human resources, all IBT property in my work area,

my cubicle, was seized and removed. That would include my computer, all diskettes, paper files, everything except a bottle of mouthwash I had, and pictures of my children, of course.

Chairman **Hoekstra**. To your knowledge, did you or any individuals in your office have contact with the election officer or staff or members of the independent review board?

Mr. **Mullenholz**. I did not.

Chairman **Hoekstra**. No?

Mr. **Mullenholz**. No, sir, and I am unaware that anyone else did, about anything.

Chairman **Hoekstra**. The money that went out in these different funds for political activities, $8, $9 million total, that came out of the national office; correct?

Mr. **Mullenholz**. Yes, sir.

Chairman **Hoekstra**. Was there some type of coordination, or would you - would the locals on their own have contributed to candidates as well?

Mr. **Mullenholz**. In certain locals that did occur, where they had federally-registered PACs of their own, of course. But, generally, all that activity did come under the heading of the national office. We could not exceed the maximum allowable contributions to Federal candidates.

Chairman **Hoekstra**. It is a lot of money. The process you have described to me kind of is like, well, you know, you get the request over here, and a couple of people see it, and it comes to you, and you take it for a couple more signatures.

There was not a more formal process? Or were there monthly review meetings or biweekly review meetings of a group of people that would say directionally, this is where we are going?

Mr. **Mullenholz**. If there were, I was unaware of them. I did know that on some occasions Mr. Hamilton, Judy Scott, who at that time was the general counsel of the Teamsters, Bob Muehlenkamp, I think one or two other individuals, did hold meetings regarding contributions. I

believe I even saw a form where Mr. Hamilton was soliciting various individuals' opinions as to whether or not contributions should be made to various organizations.

Chairman **Hoekstra**. Did somebody compile like monthly or weekly or, again, biweekly statements saying, we have given this kind of money to these kind of organizations, so that you would have a running track record? Like you said, you could not exceed certain contribution levels. Who was doing that, or were those kinds of things done?

Mr. **Mullenholz**. Yes and no. Any contributions that were made from the regular D.R.I.V.E. checking account could be tracked through an internal computer system called TITAN. I was able to produce, and did, various reports to keep myself apprised as to the amounts we had given at least Federal candidates throughout the country. I could also produce it for any other contribution, whether it was an individual or an organization, as long as it came from the D.R.I.V.E. account.

Anything that came out of the E&L account or the general treasury was done on a separate computer system, in-house computer system, which I was never given access to.

Chairman **Hoekstra**. The system you identified initially is called TITAN?

Mr. **Mullenholz**. TITAN was the one I did have access to.

Chairman **Hoekstra**. TITAN.

Mr. **Mullenholz**. TITAN is an acronym for - I was afraid you were going to ask me this. TITAN is Teamster - I can't remember. It's an acronym dealing with - it's actually an electronic bookkeeping system linking teamster local unions and joint councils to the international headquarters. But it also has the ability - D.R.I.V.E. is a subsystem of that, and it has the ability to track contributions made from the D.R.I.V.E. account and it has an electronic mail capacity.

Chairman **Hoekstra**. And that system was up and running, still up and running, when you left the Teamsters in July?

Mr. **Mullenholz**. Yes, sir. It has been in existence for about 300 years. I mean, it's an old system.

Chairman **Hoekstra**. All right. Thank you.

Mrs. Mink.

Mrs. **Mink**. Thank you.

The comment, or response to a question earlier in the day having to do with correspondence that you happened to see addressed to Members of Congress.

Mr. **Mullenholz**. Yes, ma'am.

Mrs. **Mink**. Regarding funding.

Mr. **Mullenholz**. Yes, ma'am.

Mrs. **Mink**. Could you tell me exactly what was in this correspondence, to the best of your recollection?

Mr. **Mullenholz**. They were letters to various Members of Congress urging them to vote for a continuation of the oversight committee, or funding for the oversight committee. There were also some sent to -

Mrs. **Mink**. Funding of what oversight committee? You mean for the elections?

Mr. **Mullenholz**. I'm sorry, I was using the wrong terminology. It was urging continuation. I believe there was a bill pending on the Hill that would have continued funding of the oversight of the Teamsters.

Mrs. **Mink**. Of the election process?

Mr. **Mullenholz**. Yes, ma'am, I'm sorry.

Mrs. **Mink**. How did it come to your attention, these letters?

Mr. **Mullenholz**. In our department everyone has a personal computer, which, of course, had a hard drive, but we were also linked on a network. There was a network drive where many people stored documents, and in the course of whatever searches for different things that were out there that I had need of -

Mrs. **Mink**. Were you aware at that point that there was a consent decree which ordered the contributions by the Federal Government, if they were to have another monitored election in 1996?

Mr. **Mullenholz**. I was generally aware of it, yes, ma'am.

Mrs. **Mink**. So in that context did you consider this request for funding unusual or regular procedure?

Mr. **Mullenholz**. The only thing that I considered unusual about it were the number of individuals, and I don't recall how many there were, but the number of individuals to whom this letter was sent, both in the Congress, Labor Department, and I believe the Justice Department.

Mrs. **Mink**. Urging that the funding be provided to comply with the consent decree?

Mr. **Mullenholz**. Yes, ma'am.

Mrs. **Mink**. Were the letters to Congress to Members of both parties?

Mr. **Mullenholz**. I don't recall.

Mrs. **Mink**. Was it to the chairs of the committees? Do you recall whether the letters were addressed to the chair of the committees, to the Speaker of the House?

Mr. **Mullenholz**. Again, Mrs. Mink, I don't recall. In reviewing documents rapidly, trying to find information that I needed, I recall seeing these, but I really didn't sit and read them.

Mrs. **Mink**. I have only one final question. In deciding to turn over the cover sheets and other supporting documents to your attorney, how did you decide which documents to turn over to your attorney? Were all of these that you talked about today turned over, or were there others - how many of them in total, and why did you select those specifically to turn over to your attorney?

Mr. **Mullenholz**. I didn't really select them. I printed out probably all that I had on my hard drive dealing with the E&L account, and there were some that were very innocuous.

Mrs. **Mink**. So how many would you say? How many sheets of paper would you say you turned over to your attorney at that point?

Mr. **Mullenholz**. Between 30 and 40 sheets.

Mrs. **Mink**. And all relating to the education and legislative fund?

Mr. **Mullenholz**. Yes, ma'am.

Mrs. **Mink**. Now, as far as you knew about the D.R.I.V.E. Account and the E&L, since they were both voluntary funds, contributed voluntarily by Teamsters members, did any of these requisitions for payment, did you feel that they were violating the law with respect to how D.R.I.V.E. and other voluntary contributions were being spent by the Teamsters?

Mr. **Mullenholz**. No. I just had certain suspicions based on the amounts and the organizations involved and based on my experience of 12 years.

Mrs. **Mink**. And when you say suspicions, you are talking about Citizens Action again and the very large amount?

Mr. **Mullenholz**. Yes, ma'am.

Mrs. **Mink**. What was your suspicion at that point?

Mr. **Mullenholz**. That there was just something fishy about it. I couldn't put my finger on it, I didn't know, but because of the amount, as I said, the state of the D.R.I.V.E. fund, various things.

Mrs. **Mink**. And that came out of the E&L?

Mr. **Mullenholz**. Yes, ma'am, but the money in the E&L came out of the D.R.I.V.E. account.

Mrs. **Mink**. Pardon?

Mr. **Mullenholz**. Yes, it came out of the E&L account, but the money in the E&L account originally came from the D.R.I.V.E. account itself.

Mrs. **Mink**. So when you looked at the hard drive, and you made the search, you were really looking at the D.R.I.V.E. fund, not necessary only E&L?

Mr. **Mullenholz**. I was looking at everything, general treasury, E&L and the regular D.R.I.V.E. account.

Chairman **Hoekstra**. Mr. Norwood, it is your time. You have a full 5 minutes.

Mr. **Norwood**. Thank you, Mr. Chairman.

It strikes me, Mr. Mullenholz, that about the time that you were looking at those different accounts, that you would have made a great Hamlet. Something certainly was rotten in the State of Denmark, and I suspect you saw that, too.

Let me just ask you about three places, three different areas in which you funded money, because these three particular areas seem to be ones in which your own legal department was slow in getting the check back or getting the check out, and there seemed to be some discussion amongst yourselves about it.

And one of them would be Citizens Action, one of them would be Project Vote, and one of them would be National Council of Senior Citizens. Those monies seem to be a little more difficult for it to get right back to you and say, issue the check.

Were you in any way directed verbally by, or did you see a document signed by or initialed by Mr. Carey saying, get these funds paid?

Mr. **Mullenholz**. Not that I recall. Not in the cases of these three.

Mr. **Norwood**. So, finally, it had to be Mr. Hamilton then who said, we need to get these out?

Mr. **Mullenholz**. Well his - to me, his would have been the ultimate direction. I mean, his would have been the -

Mr. **Norwood**. Mr. Hamilton would have sent the memo where he said, I have checked with Mr. Carey, and he says yes, go ahead with these?

Mr. **Mullenholz**. I don't recall. Possibly.

Mr. **Norwood**. Is there any relationship with Mr. Carey and the payment of any of those that you call unusual? And I would suspect so. If you are going to send Citizens Action a half million dollars compared to $12,000, which was the normal course of events, then one would think this is unusual and somebody higher up had to agree with that.

Mr. **Treanor**. May I just take a moment?

Mr. **Norwood**. Certainly, sir.

[Witness and attorney confer.]

Mr. **Mullenholz**. Mr. Norwood, at the time I was unaware of anything, but subsequently I have been shown documents that indicated or that were communications between Mr. Hamilton and Mr. Carey dealing with these, yes.

Mr. **Norwood**. So I understand your statement is, I didn't see them that day that it occurred, but in the last few months you have actually seen the documents where Mr. Carey's signature was there?

Mr. **Mullenholz**. I don't recall if his signature was there, but -

Mr. **Norwood**. Or initialed?

Mr. **Mullenholz**. I don't even recall that.

Mr. **Norwood**. My last little question has to do one more time with the government paying for this election and the fact that there were letters from the Teamsters to Members of Congress encouraging them to let the taxpayers pay for the election.

What year was that that you saw -

Mr. **Mullenholz**. 1996, spring, summertime.

Mr. **Norwood**. Thank you, Mr. Chairman.

Chairman **Hoekstra**. Mr. Scott.

Mr. **Scott**. I yield to the gentlewoman from Hawaii.

Mrs. **Mink**. The question I have asked several times, which I just want to make a final question of it, in all of these processes of paper and approval of vouchers and initiation of the payment process, when you did that, did you feel that your approval or processing, the initial processing of the request for payment constituted illegal activity, violation of the law, or improper conduct on your part?

Mr. **Mullenholz**. No, ma'am.

Mrs. **Mink**. Thank you very much.

Mr. **Mullenholz**. You're welcome.

Mr. **Scott**. I would ask one other question. You indicated that there was, off this enemies list, a number of them were put into trusteeship. Were any locals not on that list put into trusteeship?

Mr. **Mullenholz**. I don't know, sir.

Mr. **Scott**. But was it a large number of those on the list?

Mr. **Mullenholz**. There were multiple pages to the document, yes, sir.

Mr. **Scott**. And many of them ended up in trusteeship?

Mr. **Mullenholz**. Yes, sir.

Mr. **Scott**. No further questions.

Chairman **Hoekstra**. Mr. Ballenger, any questions?

Mr. **Ballenger**. I would just like to commend the gentleman for having the memory that you have. I am 70 years old, and somehow it fades on me, and I commend you for, first of all, remembering it, and, second of all, standing up under a couple of hours of this. It is a pleasure to have somebody that has that kind of background. And I know it has been tough on you, and maybe in a couple of years it will be all over.

Mr. **Mullenholz**. Thank you. The memory I attribute to the fact I was a history major in college. I had to do that.

Mr. **Ballenger**. Forty years before that I was a history major, too.

Chairman **Hoekstra**. Mr. Mullenholz and Mr. Treanor, thank you very much for being here. I think that completes the questioning that we have for you.

We just have a couple of other things to do as a committee, because today we have been careful to not use the names of certain people used in witness statements. Although we have no reason to doubt the veracity of the witnesses, we believe it appropriate to keep certain names

confidential. The committee does, however, want the complete testimony of our witnesses to be entered in the record.

In order for this testimony to be placed in the record and remain confidential, the testimony will be accepted in executive session.

I recognize the gentleman from Georgia.

Mr. **Norwood.** Mr. Chairman, I assert that the evidence we are about to receive may tend to incriminate certain individuals. Under House Rule 112(k)(5), I move that the committee enter into executive session.

[Whereupon, at 5:32 p.m., the subcommittee proceeded to other business.]

APPENDIX A -- STATEMENT OF THE HON. PETE HOEKSTRA, A CONGRESSMAN FROM THE STATE OF MICHIGAN

leaders of the IBT are elected fairly and democratically and without corrupt influence.

Mr. Chairman, that summarizes my statement. I know that the committee has a number of questions, particularly with respect to the financing, and what portions of the financing would be done by the Federal Government, and what portions would be done by the IBT. With that, I complete. Thank you.

Chairman **Hoekstra**. Thank you.

[The statement of Mr. Keeney follows:]

TESTIMONY OF JOHN C. KEENEY, ACTING ASSISTANT ATTORNEY GENERAL, CRIMINAL DIVISION, U.S. DEPARTMENT OF JUSTICE – SEE APPENDIX C

Chairman **Hoekstra**. Ms. Quindel.

TESTIMONY OF BARBARA ZACK QUINDEL, FORMER IBT ELECTION OFFICER, 1993-1997

Ms. **Quindel**. Thank you, Mr. Chairman.

My name is Barbara Zack Quindel. I am a partner in the law firm of Perry, Lerner, Quindel & Saks in Milwaukee, Wisconsin. I have lived and worked - do I need it closer?

Chairman **Hoekstra**. Yes. They are the most sensitive microphones.

Ms. **Quindel**. Is this better? Okay, I will speak up as well.

Chairman **Hoekstra**. Thank you. They can't hear me either.

Ms. **Quindel**. I have lived and worked in Milwaukee since 1979, practicing labor and employment law. On May 30th, 1995, I was appointed election officer for the Teamsters by the Honorable David N. Edelstein, United States District Judge, and I served in that capacity until I stepped down effective September 30th, 1997.

There are currently approximately 1.4 million members of the Teamsters, a number greater than the voting age population of more than 17 States. The Teamsters membership extends throughout the contiguous 48 States, Hawaii, Alaska, Guam, Puerto Rico and all of Canada.

As you know, and as we have heard again by speakers, many - for many years the Teamsters were marked by corruption and dominated by organized crime. And in response to that problem, the Justice Department brought its civil racketeering lawsuit against the international union and its leaders in 1988.

In order to resolve that lawsuit, the government and the Teamsters entered into the consent decree approved by the district court in 1989. The consent decree sought to eliminate corruption in part by requiring the international officers be elected by direct rank-and-file voting, by secret ballot, in a unionwide, one-member/one-vote election.

The decree provided for a court-appointed election officer to supervise rank-and-file elections of delegates to the Teamsters convention; followed by the second stage, a rank-and-file election of Teamsters officers from among candidates who were nominated at the convention.

The consent decree also provided that at the government's option, the second election to be held in 1996 would either be supervised by the Department of Labor or a court-appointed election officer, and that the cost would be borne by the government. In 1995, February, the Court ordered that the 1996 international officer election would be supervised and conducted by a court-appointed election officer and that, quote, "it is the intention of the government and the IBT that the election officer function in 1996 as similarly as possible to the 1991 election officer."

As noted above, I was appointed election officer in May then of 1995.

Back in 1993, the development of the budget for this 1996 election began, with a bottom-up analysis in which a cost was assigned to each task known to be necessary from the election officer's experience in 1991 and determined by the Justice Department and the election officer to be necessary for the upcoming election.

The budget developed for the 1996 election projected an expenditure of $21.2 million spread over 4 fiscal years, fiscal years '94 through '97. This budget covered all three phases of the election: The delegate elections, the convention nominating votes by the delegates, and rank-and-file mail balloting by all union members.

The Department of Justice submitted the budget for the election officer's supervision to Congress as part of its request for authorization to expend the necessary funds, and Congress authorized expenditures for the election supervision for fiscal years 1995, '96 and '97. I submitted quarterly financial reports to the Department of Justice. Despite unanticipated additional costs, the total cost of the 1996 election to date is approximately $17.5 million. Thus, the election activities contemplated by the initial budget were completed 17 percent under budget.

I also provided detailed information about particular costs associated with the supervision effort in my letter of September 30th, 1997, responding to a request for information by this subcommittee.

Under the consent decree, I acted in two different capacities. As an administrator, I supervised each step of the mechanics of the election. I also served as an adjudicator. I investigated and evaluated evidence and issued written decisions on protests filed by Teamster members. I am happy to share with you today any information you may desire on the process of running the election.

As an adjudicator of protests, my decisions have to speak for themselves. I am not at liberty therefore to supplement them by discussing further details of my investigations or my deliberations, although I would be happy to point you to written decisions relevant to any inquiry you may have.

The basic requirements for the election are set forth in the consent decree, as implemented by the election rules issued by the election officer.

In the spring of 1995, election office headquarters opened in Washington, D.C. to provide the central administration of the election process. I was present at the Washington headquarters 2 to 4 days a week on an almost weekly basis throughout the election process. I hired staff in Washington, approximately 25 employees, at the peak to assist in carrying out election operations and to perform the financial and other administrative work of the office.

The first stage of the Teamster election process was holding the delegate elections. During the period from September 1995 through April 1996, each of 568 Teamster local unions nominated and elected delegates to the international convention where candidates for international office would be nominated. Election office staff reviewed the local union plans for each delegate election, and I ultimately approved each of those plans. A representative of the election officer attended a nominating meeting for each of the 568 local unions to conduct the nominations. Out of those unions, 275 had contested elections for delegates, which required a mail ballot election.

The next stage of the process was the actual nomination of candidates for international office, and that took place at the Teamsters International Convention in Philadelphia, Pennsylvania, on July 15th through 19th of 1996.

The consent decree requires that each candidate for delegate - I am sorry, each candidate for international office receive 5 percent of the votes in a secret ballot election among the delegates at the convention. And it - that 5 percent is necessary to be successfully nominated and to appear on the November ballot. I certified the credentials of all elected delegates. During the 3 days of the convention, I presided over floor nominations of candidates for international office and conducted the three secret ballot votes using electronic voting machines.

While most of the convention was in the hands of the international union and delegates, those aspects of the convention related to the nomination of international officers was completely controlled by me and my staff.

The final stage of the process was the actual election of international officers, and this involved the printing and mailing of mail ballot packages to be sent to more than 1.4 million members potentially eligible to vote. Starting on December 10th, 1996, we began to process and tabulate ballots from eligible voters on electronic voting machines. Prior to counting the ballots, election office count workers checked the eligibility of all voters.

Unlike public elections, persons on the Teamsters membership list were not predetermined to be eligible voters. I challenged certain members' eligibility to vote based upon a computer-generated eligibility list prepared under my direction. Count workers compared each ballot return envelope to the eligibility list, and challenged ballots were segregated to be resolved later, if necessary.

As a result of the initial count, the margin of victory for the candidates - for most of the candidates was less than the total number of challenged ballots. And the closeness of the vote required substantial additional work. Election office staff methodically resolved challenged ballots previously challenged by the election officer by determining the voter's individual eligibility. Ballots which were declared eligible were then counted in four supplementary counts. The last supplementary count took place on February 27th, 1997.

A request under the rules for a recount was made, and the 463,582 ballots from members determined to be eligible were again counted by electronic counting devices on March 24th through 27th, 1997.

During the 1996 election process, over 1,500 protests were filed with the election officer. Each of these protests were investigated as necessary and resolved with a written decision. To accomplish this work, regional coordinators conducted interviews, reviewed documents and videotapes and, where necessary, personally inspected locations involved in disputes.

My staff in Washington included a protest chief and as many as seven lawyers who drafted decisions, researched court and previous election officer decisions and assisted in investigations.

Under the rules, the election officer has broad power to fashion appropriate remedies. As stated in my decision, the election officer chooses a remedy, quote, in light of the nature and

seriousness of the violation, as well as the potential for interfering with the election process, close quote.

Following this principle, I issued a variety of remedies. I imposed fines for the first time in this process. I ordered the return of prohibited contributions; overturned retaliatory disciplinary actions; ordered campaign mailings for candidates; published notices in Teamster publications regarding violations; and ordered notices posted on local union bulletin boards. In sum, I took a wide range of remedial action designed to address the violation and eliminate interference in the election process.

An important part of the election officer's duties is to monitor campaign contributions and expenditures. Thus, the supervision effort included extensive campaign contribution and expenditure reporting and disclosure requirements. As you know, in August 1997, I issued a post-election protest decision in which I refused to certify the election based on prohibited campaign contributions received and used by the Carey campaign.

These illegal contributions schemes came to light because of the contribution disclosure provisions that form an essential part of this supervision process. The election office designed the campaign contribution and expense reporting forms along with detailed instructions for completion. On December 15th, 1995, I issued an Advisory on Campaign Contributions and Disclosure. This 21-page booklet further - provided further clarification on rules relating to campaign contributions and expenditures.

In January 1996, I conducted a several-hour training session for candidates regarding the rules on campaign contributions and expenditures, including a detailed explanation of the disclosure requirements and forms.

My staff and I prepared samples of completed forms which gave examples of how various contributions and expenditures should be reported. These were distributed and discussed.

I have provided the subcommittee with copies of the advisory and the CCER forms - our reporting forms are known as CCER forms - and instructions.

Election office staff also reviewed the submitted CCER forms and frequently made inquiries and requested further information regarding reported contributions.

As a result of these inquiries, candidates and slates were required to produce additional information sufficient to establish that the contributions were permissible. Absent sufficient information to support a permissible contribution, I directed the contributions be returned.

Finally, I made quarterly reports to the district court as to all of my activities, including a detailed report on my decision to hire major vendors for the count process. Thus, my work was subject to the continuous oversight of the district court.

After receiving and reviewing the campaign contribution and expenditure report from Teamsters for a Corruption-Free Union, a committee of the Ron Carey campaign, in December of 1996, I decided to begin an inquiry into these contributions. After our investigation began, the campaign for candidate Jim Hoffa filed a protest on the same subject. On August 21st, 1997, I issued a decision that reviewed in detail the facts concerning contributions to the Carey campaign, my investigation of those facts, and the reasons for my decision to rerun the election.

In my decision, I found that the improper contributions were used to fund a last-minute campaign mailing on behalf of the Carey campaign, and that the mailing - campaign mailing may have affected the outcome of the election. Thus, I determined that the protest must be granted.

Unfortunately, the violations that were the subject of my decision occurred late in the election process. Because these contributions were made during the last campaign reporting period prior to the count, they were not revealed until December 1996. At that point, the ballots had already been cast.

While the path that led to the discovery of these violations began with our campaign finance reports, my decision explains how the deception and untruthfulness that characterized the participants in these violations made investigation more difficult. However, an extensive investigation was performed, and I was ultimately able to present the factual background and analysis necessary to make the decision on certification that the consent decree and rules required of me.

As stated in the district court - by the district court in its decision of September 29th, approving a rerun election plan, and I quote, "It is important to recognize that the process imposed by the consent decree was successful in that it exposed the contemptible parties thus preventing them from reaping the benefits of their despicable schemes. This court and its appointed officers remain dedicated to the goal of union democracy. An honest, fair and informed election is of paramount importance as this union continues on its path to rid itself of the remains of corruption and deceit."

The election provisions - that's the end of the quote.

The election provisions in the consent decree set forth the path to democratizing the Teamsters. A system of laws and rules that allow for free and open participation is critical in any democratic institution. However, laws and rules are sometimes broken. When that happens, democracy must be protected by the principles of enforcement and accountability. That is what happened with the Teamsters election process.

The Court appointed me to do a job, and, with the assistance of an extremely capable staff, we accomplished much towards implementing the goals of the consent decree. I am proud of the work that has been done, and I thank the committee for the opportunity to present this overview, and I would be happy to answer any questions.

Y 4.ED 8/1: 105-55

Committee on Education and the Workforce
Subcommittee on Oversight and Investigations

Peter Hoekstra, Chairman

SUBCOMMITTEE REPORT

REPORT ON THE FINANCIAL, OPERATING AND POLITICAL AFFAIRS OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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1996

N.Y.U.
("Bradley Smith Report")

Barbara Arnold
Barbara Denela
Benetta Mayfield

1998

Ron Carey → I.R.B.

Protest Decisions

Elections supervisor

→ Office in D.C.

THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS ONE YEAR AFTER THE ELECTION OF JAMES P. HOFFA

DEPOSITORY

HEARING

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

OF THE

COMMITTEE ON EDUCATION AND THE WORKFORCE

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